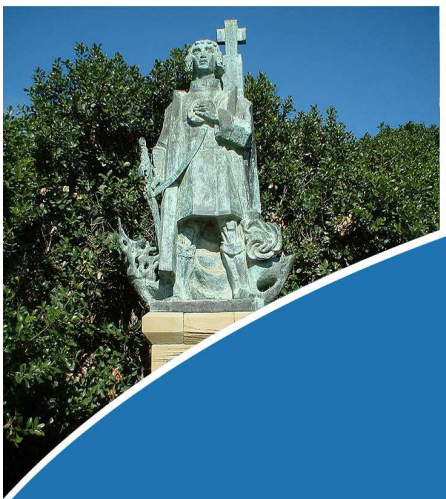
Mossel Bay
Municipality



2008 / 2009
Annual Financial statements

INDEX

	PAGE
General Information	3
Certification by the Municipal Manager	4
Report of the Auditor-General	5
Report of the Chief Financial Officer	6 – 12
Statement of Financial Position	13
Statement of Financial Performance	14
Statement of Changes in Net Assets	15
Cash Flow Statement	16
Notes to the Annual Financial Statements:	
Note 1: Accounting Policy	17 – 33
Notes 2 - 47: Other Notes to Annual Financial Statements	34 – 64
Appendices:	
Appendix A: Schedule of External loans	65
Appendix B: Analysis of Property, Plant & Equipment	66 – 67
Appendix C: Segmental analysis of PPE	68
Appendix D(1): Segmental Statement of Financial Performance (Municipal Department Classification)	69
Appendix D(2): Segmental Statement of Financial Performance (GFS Classification)	70
Appendix E(1): Actual VS Budget (Revenue + Expenditure)	71
Appendix E(2): Actual VS Budget (Acquisition of PPE)	72 – 73
Appendix F: Disclosure of Grants & Subsidies	74 – 76

GENERAL INFORMATION

Mayoral Committee:	Alderlady M Ferreira (Executive Mayor)
	Councillor H Levendal (Executive Deputy Mayor and Chairperson, Community Services Committee)
	Clr Ms E Domingo (Chairperson, Corporate Services Committee)
	Clr J van der Merwe (Chairperson, Financial Services Committee)
	Alderman E Scheepers (Chairperson, Technical Services Committee)
Speaker:	Alderman N Lodewyks

Ward councillors:

1 Clr R Skombingo (ANC)
2 Clr S A Maphisa (ANC)
3 Clr Ms N E Bobotyana (ANC)
4 Clr B Jacobs (ANC)
5 Clr J J Gerber (DA)
6 Alderman E Scheepers (DA)
7 Clr J van der Merwe (DA)
8 Alderman N J Lodewyks (DA)
9 Clr R Damons (INDEPENDANT)
10 Clr J Booyens (DA)
11 Clr P A Du Plessis (DA)
12 Clr W T Buda (ANC)

Proportional representative councillors:

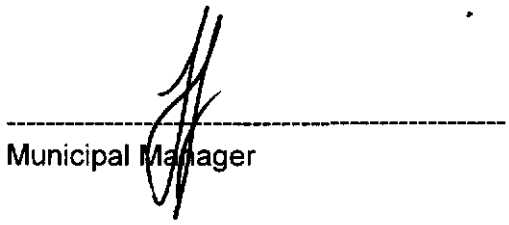
Clr Ms M de Klerk (ANC)
Clr Ms E Domingo (DA)
Alderlady M Ferreira (DA)
Clr H Floors (DA)
Clr Ms N Giles (ACDP)
Clr O J Kumalo (DA)
Clr H Levendal (DA)
Clr Ms N C Lichaba (ANC)
Clr S Manuel (ID)
Clr Ms S Moodie (DA)
Clr K H Smit (DA)

Auditors:	The Auditor-General Private Bag X1 CHEMPET, 7442
Bankers:	NEDBANK
Municipal Manager:	Dr. M Gratz
Chief Financial Officer:	Mr. HF Botha
Registered Office:	Civic Centre 101 Marsh Street Mossel Bay 6506
Postal address:	PO Box 25 Mossel Bay 6500
Telephone:	(044) 606-5000
Facsimile:	(044) 606-5123
E-mail:	admin@mosselbaymun.co.za
Website:	http://www.mosselbaymun.co.za

CERTIFICATION BY MUNICIPAL MANAGER

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 1 to 78 in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in Note 28 of these Annual Financial Statements are within the upper limits of the framework envisages in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this act.



Municipal Manager

31/08/2009

Date

REPORT OF THE AUDITOR-GENERAL

The report of the Auditor-General is to be added as soon as the audit process is completed.

REPORT OF THE CHIEF FINANCIAL OFFICER

1 INTRODUCTION

It gives me great pleasure to present the financial position of Mossel Bay Municipality at 30 June 2009 and the results of its operations and cash flows for the year then ended.

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP).

2 KEY FINANCIAL INDICATORS

The following are some of the key financial indicators, comparing the 2008/09 financial performance of the municipality to the 2007/08 comparative figures:

RATIO DESCRIPTION	*2007/08*	*2008/09*
REVENUE MANAGEMENT		
Level of reliance on government grants	**12.2%**	**15.8%**
Actual income VS Budgeted income	**(20.1%)**	**(5.0%)**
EXPENDITURE MANAGEMENT		
Personnel costs to total expenditure	**32.1%**	**31.6%**
Actual expenditure VS Budgeted expenditure	**(33.9%)**	**(14.2%)**
Interest paid as a percentage of total expenditure	**0.2%**	**0.2%**
Repairs and maintenance / Total expenditure	**9.7%**	**8.4%**
ASSET MANAGEMENT		
Acquisition of PPE – Actual VS Budgeted**	**12.2%**	**(6.5%)**
Debtors collection period	**78 days**	**65 days**
Stockholding period	**20 days**	**16 days**
DEBT MANAGEMENT		
Creditors payment period	**10 days**	**29 days**
Total liabilities / Total Assets	**7.8%**	**9.7%**

** Refer to Appendix E(2) for explanations on variances.

3 OPERATING RESULTS

3.1 Summary of results

Details of the operating results per segmental classification are included in Appendix D, whilst operational results per category, together with a cryptic explanation of significant variances of more than 10 percent from the adjusted budget, are included in Appendix E(1).

DESCRIPTION	Actual 2007/08	Actual 2008/09	Variance	Adjusted Budget 2008/09	Variance
INCOME					
Opening surplus/(deficit)	960 018 216	1 337 301 780	39.3%		
Operating income for the year	384 853 323	448 873 991	16.6%	472 321 631	(5.0%)
Gain on Disposal of PPE	1 196 604	125 766	(89.5%)	84 959	
Appropriations for the year	(41 414 777)	197 434	(100.5%)		
	1 304 653 365	**1 786 498 972**	**26.9%**	**472 406 590**	**278.2%**
EXPENDITURE					
Operating expenditure for the year	316 194 555	404 282 256	27.9%	471 106 696	(14.2%)
Sundry transfers	(363 009 173)	(19 126 166)	(105.3%)		
Surplus from discontinued operations	(16 612)	-	(100.0%)		
Loss on Disposal of PPE	14 182 815	387 283	(97.3%)	420 159	
Closing surplus/(deficit)	1 337 301 780	1 362 703 267	1.9%	879 735	
	1 304 653 365	**1 786 498 972**	**36.9%**	**472 406 590**	**278.2%**

The accumulated surplus as at 30 June 2009 amounted to R1 362,7 million. The accumulated surplus as at 30 June 2008 of R960,02 million was restated with previous year corrections of R363 million, amounting to R1 337,3 million. This indicates an increase of R25,4 million or 1,9% in the accumulated surplus from the 2007/08 financial year to the 2008/09 financial year.

The R363 million restatement of the previous year accumulated surplus is mainly due to the transfer of the Capitalisation, Government Grant and Donations and Public Contribution Reserves to the Accumulated Surplus in accordance with the change in the Municipality's accounting policy, as well as corrections for Land and Buildings recognised for the 1st time.

The operating income increased with 16,6 percent to R448,9 million from the previous financial year income of R384,9 million. The operating expenditure increased with 27.9 percent to R404,3 million from the previous financial year expenditure of R316,2 million. The main contributor to this is the increase in expenditure on Bulk purchases of Water and Electricity.

The Municipality did not escape the effects of the global economic meltdown and actual operating revenue of R448 873 991, Expenditure of R404 282 256 and the loss on disposal of Property, Plant and Equipment is R261 517 were realised for the 2008/09 financial year as shown in the Statement of Financial Performance. It must, however, be taken into account that there is certain expenditures which was transferred through the Statement of Changes in Net Assets, while the expenditure was shown as an expenditure in the operational budget , for example:

- Contribution to Capital Replacement Reserve R27 350 000
- Transfer of Land Sales and External Services contributions R 2 212 809

The above mentioned amounts are therefor not included in the gross income and expenditure amounts mentioned above. It is for these reasons that the surplus as shown in the Statement of Financial Performance cannot be compared with the budgeted surplus.

3.2 Rates and General services

DESCRIPTION	Actual 2007/08	Actual 2008/09	Variance	Adjusted Budget 2008/09	Variance
Income	201 260 101	236 068 983	17.3%	259 700 301	(9.1%)
Expenditure	201 899 694	246 894 958	22.3%	314 550 551	(21.5%)
Surplus/(deficit)	**(639 593)**	**(10 825 975)**	**1 592.6%**	**(54 850 250)**	**(80.3%)**
Surplus/(deficit) as % of total income	(0.3%)	(4.6%)		(21.1%)	

Variance from 2007/08 actual:
The deficit with regards to Rates and other General services amount to R10 825 975 for the 2008/09 financial year, whilst 2007/08 indicated a deficit of R639 593.

Variance from 2008/09 budget:
It is clear from the above statement that the actual income and expenses with regard to Rates and General services are within the budgeted amounts for the 2008/09 financial year.

3.3 Trading services

Council purchases electricity in bulk from Eskom and then redistributes it to the consumers.
The tariffs of electricity are considered together with all other tariffs during the compilation of the operational budget. Any increase in electricity tariffs must be approved by the National Electricity Regulator before Council can implement it. Eskom normally adjusts its tariffs in January of every year but Council endeavours to limit its increase to only one increase during July every year.

Council has some of its own water sources of which the Ernest Robertson Dam is the largest. Council also purchases water from the Department of Water Affairs, which is then supplied from the Klipheuwel Dam and the Wolwedans Dam.

3.3.1 Electricity

DESCRIPTION	Actual 2007/08	Actual 2008/09	Variance	Adjusted Budget 2008/09	Variance
Income	117 930 399	144 614 818	22.6%	145 516 164	(0.6%)
Expenditure	71 307 628	107 287 084	50.5%	103 430 954	3.7%
Surplus/(deficit)	**46 622 771**	**37 327 734**	**(19.9%)**	**42 085 210**	**(11.3%)**
Surplus/(deficit) as % of total income	39.5%	25.8%		28.9%	

Variance from 2007/08 actual:
The Electricity service shows a surplus for both the 2007/08 and the 2008/09 financial years, with a decrease of 19,9 percent between the two years. The surplus of R37,3 million for the 2008/09 financial year represents a profit percentage of 25,8 percent, whereas a 39,5 profit percentage was realised in the 2007/08 financial year.

Variance from 2008/09 budget:
The total actual income is 0,6 percent lower than the budgeted amount of R145,5 million for the 2008/09 financial year, whilst the expenditure is 3,7 percent more than the budgeted amount of R103,4 million.

The following table shows the information regarding Electricity distribution:

ELECTRICITY DISTRIBUTION	2007/08 Financial year	2008/09 Financial year
Units Purchased (Kwh)	307,107,000	307,403,704
Purchase price per kwh	18,9 cent	25,72 cent
Units Sold (Kwh)	279,083,000	284,372,556
Free Units		7,681,610
Units lost during distribution (Kwh)	24,024,000	15,349,538
Percentage lost during distribution	7.93 %	4.99 %
Net purchase cost (per unit)	18,9 cent	25,72 cent
Total cost per unit	29,49 cent	29,21 cent
Net sales per unit	42,27 cent	54,45 cent
Total income	R117 957 576	R159 033 398

3.3.2 Water

DESCRIPTION	Actual 2007/08	Actual 2008/09	Variance	Adjusted Budget 2008/09	Variance
Income	65 662 823	68 190 190	3.8%	67 105 166	1.6%
Expenditure	42 987 233	50 100 214	16.5%	53 125 191	(5.7%)
Surplus/(deficit)	**22 675 590**	**18 089 976**	**(20.2%)**	**13 979 975**	**29.4%**
Surplus/(deficit) as % of total income	34.5%	26.5%		20.8%	

Variance from 2007/08 actual:
The Water service shows a surplus for both the 2007/08 and the 2008/09 financial year, with a decrease of 20,2 percent between the two years. The surplus of R18,1 million for the 2008/09 financial year represents a profit percentage of 26,5 percent, whereas a 34,5 profit percentage was realised in the 2007/08 financial year.

Variance from 2008/09 budget:
The total actual income is 1,6 percent more than the budgeted amount of R67,1 million for the 2008/09 financial year, whilst the expenditure is 5,7 percent less than the budgeted amount of R53,1 million.

The following table shows the information regarding Water distribution:

WATER DISTRIBUTION	2007/08 Financial year	2008/09 Financial year
Mega litres Purified	9 786	9790
Mega litres Sold	7 426	8328
Mega litres Lost during distribution	2 360	1462
Percentage lost during distribution	24.11%	14.93%
Cost per mega litre purified	1 833.47	2264.66
Total income	R48 062 467	R54 921 278
Income per mega litre sold	6 472.11	6 594.47

4 CAPITAL EXPENDITURE AND FINANCING

The capital expenditure during the year as stated in the financial statements amounted to R100 501 944 and was financed as follows:

SOURCE OF FINANCE	2008/09 Actuals	% of Total Capital Expenditure
Capital Replacement Reserve	70 004 700	69.7%
Grants and Subsidies	26 972 718	26.8%
Public contributions	64 474	0.1%
Other	3 460 052	3.4%
TOTAL	100 501 944	100.0%

Property, Plant and Equipment is funded to a great extent from the Capital Replacement Reserve as the Municipality does have the financial resources to finance infrastructure capital expenditure from its own funds.

5 CAPITAL REPLACEMENT RESERVE

The balance of the Capital Replacement Reserve as at 30 June 2009 amounted to R101 808 566 (R101 870 384 as at 30 June 2008).

The Capital Replacement Reserve replaces the previous statutory funds, e.g. the Consolidated Capital Development and Loans Fund, and is a cash-backed reserve established to enable the municipality to finance future capital expenditure. Cash contributions, depending on the availability thereof, are made annually to the reserve.

The municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance its annual infrastructure capital programme.

Refer to the Statement of Changes in Net Assets for more detail.

6 EXTERNAL LOANS, INVESTMENTS AND CASH

On 30 June 2009 the outstanding external loans amounted to R4 899 619 (R4 723 276 in 2008). Annuity loans to the amount of R239 972, stock loans of R178 740 and leases to the amount of R1 308 870 were redeemed during this financial year.

Council's cashbook showed a negative balance of R1 098 895 and Petty Cash to the amount of R13 980 on 30 June 2009. The bank account showed a positive balance of R21 508 524 with external investments amounting to R203 million against R196 million of the previous year.

More particulars regarding external loans and investments appear in Notes 4 and 20 as well as Appendix A.

7 NON-CURRENT PROVISIONS

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Non-current provisions amounted to R69 071 580 as at 30 June 2009 (R65 063 088 as at 30 June 2008) and is made up as follows:

Post Employment Health Care Benefits	R 60 258 159
Ex-Gratia Pensioners	R 789 937
Long Service Awards	R 5 242 359
Rehabilitation of Landfill Sites	R 546 000
Clearing of Alien Vegetation	R 2 235 125
	R 69 071 580

Refer to Notes 5 for more detail.

8 CURRENT LIABILITIES

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations. Current Liabilities amounted to R86 992 987 as at 30 June 2009 (R53 733 926 as at 30 June 2008) and is made up as follows:

Consumer deposits	Note 7	R 9 468 865
Provisions	Note 8	R 5 582 908
Trade Payables	Note 9	R 52 221 282
Unspent conditional grants and receipts	Note 10	R 14 321 321
VAT	Note 11	R 2 326 786
Cash and Cash Equivalents	Note 20	R 1 098 895
Operating Lease Liability	Note 21	R 79 185
Current portion of long-term liabilities	Note 4	R 1 893 744
		R 87 483 773

9 CURRENT ASSETS

Current Assets amounted to R269 064 558 as at 30 June 2009 (R263 902 475 as at 30 June 2008) and is made up as follows:

Inventory	Note 16	R 11 206 726
Trade receivables from Exchange	Note 17	R 29 819 691
Other receivables from Non-Exchange	Note 18	R 24 407 394
Current portion of long-term receivables	Note 15	R 509 659
Cash and Cash Equivalents	Note 20	R203 013 980
Operating Lease Assets	Note 21	R 107 108
		R269 064 558

The investment deposits of R203 million (included in Cash and Cash Equivalents) are ring-fenced for the purposes of the Capital Replacement Reserve, Unspent Conditional Grants and the repayment of the current portion of Long-term Liabilities and no funds are available for own purposes.

10 TRADE AND OTHER RECEIVABLES FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS

The net balance of Trade and Other receivables from Exchange transactions is indicated below:

DEBTOR	As at 30 June 2009	As at 30 June 2008	Variance
Service debtors:	**28 736 249**	**23 437 094**	**22.6%**
- Electricity	10 201 776	8 040 202	26.9%
- Water	7 234 017	5 818 668	24.3%
- Refuse	2 848 836	2 339 907	21.7%
- Sewerage	8 451 620	7 238 318	16.8%
Debtpack collections	**5 474**	**8 978**	**-39.0%**
Land Sales	**6 379**	**7 456**	**-14.4%**
Housing instalments	**559 456**	**493 898**	**13.3%**
Housing rentals	**246 097**	**268 495**	**-8.3%**
Other	**266 036**	**468 003**	**-43.2%**
TOTAL	**29 819 691**	**24 683 924**	**20.8%**

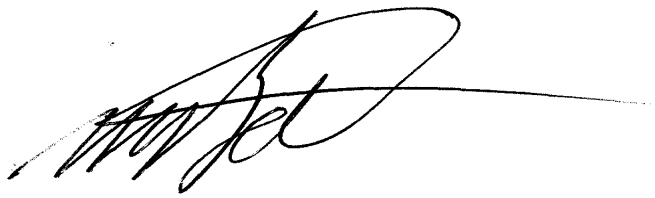
The net balance of Other receivables from Non-Exchange transactions is indicated below:

DEBTOR	As at 30 June 2009	As at 30 June 2008	Variance
Rates	5 157 004	4 177 904	23.4%
Accrued Income	12 979 115	10 514 929	23.4%
Other	6 271 275	7 658 267	-18.1%
TOTAL	**24 407 394**	**22 351 100**	**9.2%**

The municipality has during the financial year written of bad debts to the amount of R14 699 448.

11 EXPRESSION OF APPRECIATION

I am grateful to the Mayor, Deputy Mayor, members of the Executive Committee, Councillors, the Municipal Manager and Directors for the support extended during the financial year. A special word of thanks to all staff that assisted with the collation of year-end information, for without their valuable contributions and assistance these Annual Financial Statements would not have been possible.



HF BOTHA
B. Com. AIMTR (S.A.)
CHIEF FINANCIAL OFFICER

Date: 31 August 2009

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

	Note	2009 R	2008 R
NET ASSETS AND LIABILITIES			
Net assets		**1474 366 073**	**1430 035 854**
Housing development fund	2	9 854 239	9 989 856
Reserves	3	101 808 566	101 870 384
Capital replacement reserve		101 808 566	101 870 384
Capitalisation reserve		-	-
Government grant reserve		-	-
Donations and public contribution reserves		-	-
Accumulated surplus/(deficit)		1362 703 267	1318 175 614
Non-current liabilities		**72 279 743**	**68 029 379**
Long-term liabilities	4	3 005 875	2 780 381
Non-current provisions	5	69 071 580	65 063 088
Non-current deposits	6	202 289	185 909
Current liabilities		**86 992 987**	**53 733 926**
Consumer deposits	7	9 468 865	8 164 883
Provisions	8	5 582 908	3 977 678
Trade and other payables	9	52 221 282	33 277 258
Unspent conditional grants and receipts	10	14 321 321	2 915 491
VAT	11	2 326 786	3 436 067
Cash and Cash equivalents	20	1 098 895	-
Operating Lease Liability	21	79 185	19 654
Current portion of long-term liabilities	4	1 893 744	1 942 895
Total Net Assets and Liabilities		**1633 638 803**	**1551 799 158**
ASSETS			
Non-current assets		**1364 574 244**	**1287 896 683**
Property, plant and equipment	12	859 739 305	782 522 720
Intangible Assets	13	441 980	596 452
Investment Property	14	503 157 653	503 217 653
Long-term receivables	15	1 235 306	1 559 858
Investments	19	-	-
Current assets		**269 064 558**	**263 902 475**
Inventory	16	11 206 726	11 903 609
Trade and other receivables from Exchange transactions	17	29 819 691	24 683 924
Other receivables from non-exchange transactions	18	24 407 394	22 351 100
Current portion of long-term receivables	15	509 659	1 306 304
Cash and Cash equivalents	20	203 013 980	203 555 875
Operating Lease Assets	21	107 108	101 663
Total Assets		**1633 638 803**	**1551 799 158**

STATEMENT OF FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

Budget			Actual	
2008	2009	Note	2009	2008
R	R		R	R
		Continued operations		
		REVENUE		
114 544 671	**133 907 276**	**Revenue from Non-exchange Transactions**	**129 234 117**	**99 644 313**
39 029 531	44 749 827	***Taxation revenue***	44 142 322	39 213 422
39 029 531	44 749 827	Property rates 22	44 142 322	39 213 422
70 475 554	85 081 241	***Transfer revenue***	73 555 776	57 673 176
66 265 954	81 052 058	Government grants and subsidies 24	70 981 263	47 077 652
4 209 600	4 029 183	Public contributions, donated and contributed PPE 26	2 574 513	10 595 524
5 039 586	4 076 208	***Other non-exchange revenue***	11 536 019	2 757 715
5 039 586	4 076 208	Fines	4 910 305	2 757 715
-	-	Actuarial gains	6 625 714	-
366 920 648	**338 414 355**	**Revenue from Exchange Transactions**	**319 639 874**	**285 209 010**
1 500 000	2 212 540	Property rates-penalties imposed & collection charges	2 083 719	2 155 837
227 544 404	253 332 606	Service charges 23	254 888 753	214 557 025
1 101 662	1 741 264	Rental of facilities and equipment	1 645 265	1 344 640
18 610 495	22 856 167	Interest earned - external investments	26 903 645	23 715 122
-	1 296	Interest earned - unamortised discount	1 296	2 711
611 642	448 794	Interest earned - outstanding debtors	413 920	522 081
3 727 383	4 062 321	Licences and permits	4 241 681	4 257 088
113 825 062	53 759 367	Other income 25	29 461 596	38 654 505
481 465 319	**472 321 631**	**Total Revenue**	**448 873 991**	**384 853 323**
		EXPENDITURE		
108 144 753	126 582 406	Employee related costs 27	127 745 752	101 581 414
5 016 116	5 477 654	Remuneration of Councillors 28	5 427 079	4 896 255
8 000 000	18 604 033	Impairment Costs 29	11 504 988	6 579 972
6 415 000	4 795 350	Collection costs	3 858 770	5 350 034
9 474 643	7 571 387	Depreciation	22 913 742	22 376 068
707 931	170 037	Amortisation - Intangible Assets	154 471	569 523
	-	Actuarial losses	1 410 476	2 710 945
33 595 505	39 489 627	Repairs and maintenance	34 032 658	30 706 588
472 688	436 374	Interest paid 30	786 935	653 875
65 338 252	88 212 000	Bulk purchases 31	92 789 002	57 157 031
18 242 588	20 785 413	Contracted services	19 230 387	17 294 692
7 923 628	3 373 341	Grants and subsidies paid 32	3 010 247	2 958 645
215 129 721	155 609 074	General expenses 33	81 417 749	63 359 513
478 460 825	**471 106 696**	**Total Expenditure**	**404 282 256**	**316 194 555**
140 000	84 959	Gain on disposal of Property, Plant & Equipment	125 766	1 196 604
	(420,159)	Loss on disposal of Property, Plant & Equipment	(387,283)	(14, 182,815)
3 144 494	**879 735**	**SURPLUS/(DEFICIT) FOR THE YEAR**	**44 330 219**	**55 672 557**
		Discontinued operations		
158,598	-	Surplus for the year from discontinued operations 34	-	16 612
3 303 092	**879 735**	**SURPLUS FOR THE YEAR**	**44 330 219**	**55 689 169**
		Refer to Appendix E(1) for explanations of variances		

STATEMENT OF CHANGES IN NET ASSETS

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

	Housing development fund	Capital replacement reserve	Capitalisation reserve	Government grant reserve	Donations & public contribution reserve	Accumulated surplus/(deficit)	Total
	R	R	R	R	R	R	R
2008							
Balance at 1 July 2007	3 833 337	68 152 446	87 951 500	84 697 931	83 550 717	960 018 216	1288 204 145
Prior Year Adjustments (Note 35)						106 729 352	106 729 352
Change in accounting policy (Note 36)			(87 951 500)	(84 697 931)	(83 550 717)	256 279 821	79 673
Change in accounting estimate (Note 37)							-
Restated Balance at 1 July 2007	3 833 337	68 152 446	-	-	-	1323 027 389	1395 013 170
Surplus/(deficit) for the year	-	-	-	-	-	55 689 169	55 689 169
Transfer to CRR		88 426 436				(88 426 436)	-
Proceeds on disposal		1 221 504				(1 221 504)	-
Contribution from CRR - purchase PPE		(55 945 502)				55 945 502	-
Transfer to FDR Government Grants Reserve				14 816 232		(14 816 232)	-
Transfer to FDR Don. and Public Contri. Reserve					6 218 129	(6 218 129)	-
Transfer to Housing Development Fund	17 709 830					(17 709 830)	-
Transfer from Housing Development Fund	(5 080 256)					5 080 256	-
Offsetting of depreciation			(8 340 258)	(3 068 780)	(5 966 444)	17 375 482	-
Asset disposals			(5 172 540)	(170 228)	(3 233 349)	8 576 113	(3)
Balance at 30 June 2008	16 462 910	101 854 884	(13 512 798)	11 577 224	(2 981 664)	1337 301 780	1450 702 335
2009							
Prior Year Adjustments (Note 35)	(6 473 054)	15 500	-		-	(14 208 929)	(20 666 483)
Change in accounting policy (Note 36)	-	-	13 512 798	(11 577 224)	2 981 664	(4 917 237)	-
Change in accounting estimate (Note 37)	-	-	-	-	-	-	-
Restated balance at beginning of the year	9 989 856	101 870 384	-	-	-	1318 175 614	1430 035 854
Surplus/(deficit) for the year						44 330 219	44 330 219
Transfer to CRR		69 942 882				(69 942 882)	-
Proceeds on disposal							-
Contribution from CRR - purchase PPE		(70 004 700)	-			70 004 700	-
Transfer to FDR Government Grants Reserve				-		-	-
Transfer to FDR Don. and Public Contri. Reserve					-	-	-
Transfer to Housing Development Fund	14 940					(14 940)	-
Transfer from Housing Development Fund	(150 557)					150 557	0
Offsetting of depreciation						-	-
Asset disposals			-	-	-	(0)	(0)
Balance at 30 June 2009	9 854 240	101 808 566	-	-	-	1362 703 267	1474 366 073

CASH FLOW STATEMENT

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		423 377 783	356 570 533
Cash paid to suppliers and employees		356 088 690	305 065 195
Cash generated from/(utilised in) operations	38	67 289 093	51 505 337
Interest received		27 317 565	24 239 914
Interest paid		(786 935)	(653 875)
Net cash from operating activities		93 819 723	75 091 376
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of PPE		(98 690 831)	(61 490 272)
Proceeds on disposal of PPE		697 576	1 196 604
(Increase)/decrease in investment properties		60 000	
(Increase)/decrease in long-term receivables	15	1 057 397	1 268 849
(Increase)/decrease in current investments	19	-	207 000 000
Net cash from investing activities		(96 875 857)	147 975 180
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in consumer deposits	7	1 303 982	493 894
New loans raised/(repaid)		111 361	1 112 255
Net cash from financing activities		1 415 343	1 606 148
Net increase / (decrease) in cash and cash equivalents		(1 640 791)	224 672 705
Cash and cash equivalents at the beginning of the year		203 555 875	(21 116 829)
Cash and cash equivalents at the end of the year	20	201 915 085	203 555 875

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Note 1: Accounting Policy

The principal accounting policies applied in the preparation of these financial statements are set out below and are consistent with those applied in the previous year unless otherwise stated.

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of Government Gazette 28095, December 2005 and Government Gazette 31021, May 2008.

The effective standards, in accordance with Directive 5 of the Accounting Standards Board, are summarised as follows:

Reference	Topic
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

1.2 Presentation currency

These annual financial statements are presented in South African Rand.

1.3 Going concern assumption

These annual financial statements are prepared on the basis that the municipality will remain a going concern for the foreseeable future.

1.4 Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

1.5 Comparative Information

Budget information in accordance with GRAP 1, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.6 Standards, Amendments To Standards And Interpretations issued but not yet effective

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18	Segment Reporting
GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from Non-Exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 26	Impairment of cash-generating assets
GRAP 103	Heritage Assets

1.7 Foreign currency transactions

Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

1.8 Housing Development Fund

The Housing Development Fund was established in terms of Section 15(5) and 16 of the Housing Act, (Act 107 of 1997), which came into operation on 1 April 1998, requires that the municipality maintain a separate housing operating account.

Loans form National and Provincial Government used to finance housing developments undertaken by the Municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund.

The Housing Act also requires in terms of Section 14(4)(d)(ii)(aa) read with, *inter alia,* Section 16(2) that the net proceeds of any rental, sale of property or alienation, financed previously from government housing funds, be paid into a separate operating account and be utilised by the Municipality for housing development subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Fund:

- The proceeds in this fund are utilised for housing developments in accordance with the National Housing Policy and also for housing development projects approved by the MEC.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Any surplus / (deficit) on the Housing Statement of Financial Performance must be transferred to the Housing Development Fund.

1.9 Reserves

1.9.1 Capital Replacement Reserve (CRR)

In order to finance the future provision of infrastructure and other items of property, plant and equipment from internal sources amounts are transferred out of the accumulated surplus/(deficit) into the Capital Replacement Reserve (CRR) in terms of a decision by the Accounting Officer. The cash allocated to the CRR can only be utilised to finance items of property, plant and equipment. The following provisions are set for the creation and utilisation of the CRR:

- The cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for the maintenance of these items.
- The proceeds from the disposal of property, plant and equipment originally financed through the CRR must be transferred to the CRR.
- All proceeds from the sale of land will be transferred from the Accumulated Surplus to the CRR via the Statement of Changes in Net Assets.
- The CRR is reduced and the accumulated surplus/(deficit) credited with corresponding amounts when the funds are utilised.
- The amounts transferred to the CRR are based on the Municipality's need to finance future capital projects. The Integrated Development Plan, the municipality's ability to raise external finance and the amount of government grants and subsidies that will be received in future will be taken into account in order to determine the annual contribution to the CRR.

1.9.2 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. All land and buildings recorded in the Municipality's asset register shall be revalued when the Council is of the opinion that economic conditions have had a substantial impact on the on the value of land and buildings within the municipal area. Under such circumstances a sworn valuer will be appointed to perform a valuation of all land and buildings.

The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/(deficit). On disposal the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on current values, are credited or charged to the Statement of Financial Performance.

1.10 Financial Instruments

The municipality has various types of financial instruments and these can be broadly categorised as either *Financial Assets* or *Financial Liabilities*.

1.10.1 Financial Assets

A financial asset is any asset that is a cash equivalent or contractual right to receive cash. The municipality has the following types of financial assets as reflected in the Statement of Financial Position or in the notes thereto:

- Long-term Receivables
- Trade and Other Receivables from Exchange Transactions
- Other Receivables from Non-Exchange Transactions
- Current portion of Long-term Receivables
- Short-term Investment Deposits
- Bank Balances and Cash
- Operating lease assets

The *Financial Assets* of the municipality are presently classified as follows into three categories:

Type of Financial Asset	Classification in terms of IAS 39.09
Long-term Receivables	Loans and receivables
Trade and Other Receivables from Exchange Transactions	Loans and receivables
Other Receivables from Non-Exchange Transactions	Loans and receivables
Current portion of Long-term Receivables	Loans and receivables
Short-term Investment Deposits	Held to maturity
Bank Balances and Cash	Held to maturity
Operating lease assets	Held to maturity

1.10.2 Financial Liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected in the Statement of Financial Position or in the notes thereto:

- Long-term Liabilities
- Provisions
- Trade and Other Payables
- Bank Overdraft
- Current Portion of Long-term Liabilities
- Defined Benefit Obligations
- Consumer Deposits
- VAT
- Operating lease liabilities

There are two main categories of Financial Liabilities, based on how they are measured. Financial liabilities may be measured at:

(i) Fair value through profit or loss; or
(ii) Not at fair value through profit or loss ('other financial liabilities').

Trade and Other Payables
Trade and Other payables are stated at their settlement value.

Accrued Leave Pay
Liability for annual leave is recognised as it accrues to employees. Provision is based on the total accrued leave days at year-end.

1.10.3 Measurement

Financial Assets:
Held-to-maturity investments and loans-and-receivables are initially measured at fair value and subsequently measured at amortised cost. Financial assets are measured at fair value with the profit or loss being recognised in the Statement of Financial Performance.

Financial Liabilities:
Financial liabilities are measured at amortised cost using the effective interest rate method where applicable.

1.10.4 Impairment of Financial Assets

Annually an assessment is made as to whether there is any impairment of Financial Assets. If so, the recoverable amount is estimated and an impairment loss is recognised.

Consumer Debtors are stated at cost less a provision for impairment. The provision is made by assessing the recoverability of consumer debtors collectively after grouping the debtors in financial asset groups with similar credit risk characteristics.

Loans and Receivables are non-derivative Financial Assets with fixed or determinable payments. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and receivables are recognised initially at cost which represents fair value. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment. All classes of loans and receivables are separately assessed for impairment annually.

1.11 Leases

1.11.1 Lessee Accounting

Amounts held under finance leases are initially recognised as assets of the Municipality at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they may be capitalised in accordance with the Municipality's policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Municipality will not incur a foreign currency lease liability other than that allowed by the MFMA.

1.11.2 Lessor Accounting

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the Municipality's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.12 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for the intended use or sale, added to the costs of these assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets may be deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of financial performance in the period in which they are incurred.

1.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Municipality has the unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

1.14 Provisions

A provision is recognised when the municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The municipality has discounted provisions to their present value when the effect of the time value of money is material. The notional interest charge representing the unwinding of the provision discounting is included in the Statement of Financial Position.

Provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate.

1.15 Employee Benefits

(a) Pension obligations

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the Statement of Financial Performance in the accounting period in which it occurs.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis.

The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Post Retirement Medical obligations

The Municipality provides post-retirement healthcare benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance. These obligations are valued annually by independent qualified actuaries.

(c) Long Service awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries bi-annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries is charged against the Statement of Financial Performance as employee benefits upon valuation.

1.16 Trade Payables (Creditors)

Trade payables and other receivables are originally carried at fair value and subsequently are measured at amortised cost using the effective interest method.

1.17 Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

1.18 Unutilised Conditional Grants

Unutilised conditional grants are reflected on the Statement of Financial Position as a creditor – Unutilised conditional grants. They represent unspent government grants, subsidies and contributions from the public. This creditor always has to be backed by cash. The following provisions are set for the creation and utilisation of this creditor:

- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.
- Whenever an asset is purchased out of the unutilised conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unutilised Conditional Grant into the statement of financial performance as revenue. Thereafter an equal amount is transferred on the Statement of changes in net assets to a Government Grant Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the Unutilised Conditional Grants. The Government Grant Reserve is used to offset depreciation charged on assets purchased out of the Unutilised Conditional Grants.

1.19 Value Added Tax

The Council accounts for Value Added Tax on the cash basis.

1.20 Property, Plant and Equipment

1.20.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Land identified for the first time is recognised at its fair value.

All donated Property, Plant and Equipment is recognised at its fair value.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). It the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.20.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.20.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives.

	Years		Years
Infrastructure		**Other**	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
Community		Specialised plant and	
Improvements	30	Equipment	10-15
Recreational Facilities	20-30	Other plant and	
Security	5	Equipment	2-5
		Landfill sites	15

1.20.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.21 Investment Property

1.21.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of self-constructed investment property is the cost at date of completion.

1.21.2 Subsequent Measurement – Fair Value

Subsequent to initial recognition investment properties are shown at fair value, based on periodic, but at least every three years, valuations by external independent valuers. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

1.21.3 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.22 Intangible Assets

1.22.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.22.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.22.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	**Years**
Computer Software	5

1.22.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.23 Non-Current Assets held for sale

1.23.1 Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.23.2 Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.24 Impairment of Tangible and Intangible Assets

At each Statement of Financial Position date the municipality reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the municipality estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is recognised immediately in the Statement of Financial Performance, unless the asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a Revaluation Reserve increase.

1.25 Financial Assets

The Municipality classifies its financial assets in the following categories: loans and receivables, investments in associates, investments in municipal entities and joint ventures. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Investment in Associate

An associate is an entity over which the Municipality is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. The carrying value of the investment in associates is adjusted for the municipality's share of operating surpluses/(deficits) less any dividends received.

Where the Municipality or its Municipal Entities transact with an associate, unrealised gains and losses are eliminated to the extent of the Municipality's or its Municipal Entities' interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

Where the Municipality is no longer able to exercise significant influence over the associate the equity method of accounting is discontinued.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

(b) Investment in Municipal Entities

Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate consolidated financial statements are prepared to account for the Municipality's share of net assets and post-acquisition results of these investments.

(c) Interests in Joint Ventures

A joint venture is a contractual arrangement whereby the Municipality and other parties undertake an economic activity that is subject to joint control. Interests in joint ventures are stated at cost.

Jointly Controlled Operations
The Municipality recognises the assets that it controls, the liabilities and expenses that it incurs as well as its share in the revenue that it earned from the sale or provision of goods or services by the joint venture.

Jointly Controlled Assets
The Municipality's share of the jointly controlled assets and liabilities is recognised in the statement of financial position and is classified according to their nature. Revenue from the sale or use of the Municipality's share of the output of the jointly controlled assets, and its share of the expenses incurred is recognised in the statement of financial performance.

Jointly Controlled Entities
Interests in jointly controlled entities are stated at cost.

1.26 Inventories

1.26.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.26.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

1.27 Trade and other Receivables

Trade receivables are recognised initially at originating cost and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired.

When a trade receivable is uncollectible, it is written off in terms of the municipality's Credit Control and Debt Collection Policy. Subsequent recoveries of amounts previously written off are credited against to the Statement of Financial Performance.

1.28 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

1.29 Revenue Recognition

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read.
These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity and water prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly.

Service charges from sewerage and sanitation for residential and business properties are levied annually based on a fixed tariff.

Interest and rentals are recognised on a time proportion basis.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Interest earned on investments is recognised in the Statement of Financial Performance on a time proportionate basis that takes into account the effective yield on the investment. Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on unutilised conditional grants is allocated directly to the unutilised conditional grant creditor, if the grant conditions indicate that interest is payable to the funder.

Revenue from the sale of goods is recognised when **all** the following conditions have been satisfied:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportionate basis.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received. A calculation of fines to be received is made at year-end based on the average collection rate of the past three years.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment are recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Conditional Grants and Receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.30 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.31 Unauthorised Expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.32 Irregular Expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy.
Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.33 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.34 Rounding

The amounts reflected in the financial statements of the Municipality are all in Rand, and all amounts are rounded off to the nearest Rand.

Notes 2 – 47: Other Notes to Annual Financial Statements

2. HOUSING DEVELOPMENT FUND

	2009 R	2008 R
Balance at beginning of the year	9 989 856	3 833 336
Income	14 940	10 470 104
Land Sales	7 440	9 014
Housing Letting/Selling Scheme Loans	7 500	10 461 090
Housing Selling Scheme Loans Interest	-	-
Housing Debtors	-	-
Less: Expenditure	150 557	4 313 585
Funding Capital Projects	-	-
Funding Operating Projects	150 557	4 313 585
Total Housing Development Fund assets and liabilities	9 854 239	9 989 856

Refer to Note 35.5 for detail regarding the restatement of previous year balances.

3. RESERVES

Capital Replacement Reserve	101 808 566	101 870 384
Future Depreciation Reserve		
Assets financed ex Capitalisation Reserve	-	-
Assets financed ex Government Grant	-	-
Assets financed ex Donations and Public Contributions	-	-
	101 808 566	101 870 384

The Capital Replacement Reserve is fully funded and invested in ring-fenced financial instruments.

Refer to Notes 35.4 & 36.5 for detail regarding the restatement of previous year balances.

4. LONG-TERM LIABILITIES

Local registered stock loans	656,484	840 175
Annuity loans	320,731	490 770
Finance lease liability	3,922,404	3 392 331
Sub-total	4 899 619	4 723 276
Less: Current portion transferred to current liabilities	1 893 744	1 942 895
Local registered stock loans	160 957	293 493
Annuity loans	239 973	239 972
Finance lease liability	1 492 814	1 409 430
Total Long-term Liabilities	3 005 875	2 780 381

Local registered stock loans:
Local registered stock loans bear interest at rates between 12 and 15 percent per annum and are repayable between one and ten years.

Annuity loans:
Annuity loans bear interest at NIL percent. One of these loans will be fully redeemed in the 2009/10 financial year and the other will be redeemed in the 2012/13 financial year.

Finance lease liability:
Finance lease liabilities relate to vehicles and office equipment with lease terms not more than five years.
Finance leases bear interest at rates between 11 and 15 percent.
Finance lease liabilities are secured over the items of vehicles and office equipment leased.

Obligations under Finance leases:

Finance lease liabilities - Minimum capital lease payments:		
No later than 1 year	1 492 814	1 014 893
Later than 1 year and no later than 5 years	3 293 232	2 826 228
Later than 5 years	-	-
	4 786 046	3 841 122
Future finance charges on finance leases	(863 642)	(448 791)
	3 922 404	3 392 331

The present value of finance lease liabilities is as follows:

No later than 1 year	2 398 820	1 409 430
Later than 1 year and no later than 5 years	1 523 584	1 982 900
Later than 5 years	-	-
	3 922 404	3 392 331

Refer to Appendix A for more detail on long-term liabilities and the unamortised discount on these liabilities.

5. NON-CURRENT PROVISIONS

	2009 R	2008 R
Post Employment Health Care Benefits	62 153 859	62 958 269
Ex-Gratia Pensioners	899 085	1 003 461
Long Service Awards	5 969 984	4 346 643
Rehabilitation of Landfill sites	621 000	-
Clearing of Alien Vegetation	4 100 000	-
	73 743 928	68 308 373
Less: Transfer to Current Provisions	4 672 348	3 245 285
Post Employment Health Care Benefits	1 895 700	2 346 836
Ex-Gratia Pensioners	109 148	120 641
Long Service Awards	727 625	777 808
Rehabilitation of Landfill sites	75 000	-
Clearing of Alien Vegetation	1 864 875	-
Total Non-Current Provisions	69 071 580	65 063 088
Post Employment Health Care Benefits	60 258 159	60 611 433
Ex-Gratia Pensioners	789 937	882 820
Long Service Awards	5 242 359	3 568 835
Rehabilitation of Landfill sites	546 000	-
Clearing of Alien Vegetation	2 235 125	-

The movement in non-current provisions are reconciled as follows:

30 June 2009	Post Empl Health care Benefits	Ex-Gratia Pensioners	Long Service Awards	Alien Vegetation	Rehabilitation of Landfill Sites
Balance at beginning of year	62 958 269	1 003 461	4 346 643	-	-
Contribution to provisions				4 100 000	621 000
Interest Cost	6 625 759	81 893	347 731	-	-
Service cost & transitional liability	1 126 375		388 192	-	-
Benefit payments (Expenditure incurred)	(2 011 518)	(105 581)	(523 059)	-	-
Actuarial loss / (gain)	(6 553 051)	(72 663)	1 410 476	-	-
Transfer to current provision	(1 895 700)	(109 148)	(727 625)	(1 864 875)	(75 000)
Balance at end of year	60 250 134	797 962	5 242 359	2 235 125	546 000

30 June 2008	Post Empl Health care Benefits	Ex-Gratia Pensioners	Long Service Awards	Alien Vegetation	Rehabilitation of Landfill Sites
Balance at beginning of year	56 576 956	1 030 000	3 935 469	-	-
Contribution to provisions				-	-
Interest Cost	4 888 249	88 973	314 838	-	-
Service cost & transitional liability	1 017 594		359 437	-	-
Benefit payments (Expenditure incurred)	(1 828 463)	(109 015)	(676 610)	-	-
Actuarial loss / (gain)	2 303 933	(6 497)	413 509	-	-
Transfer to current provision	(2 346 836)	(120 641)	(777 808)	-	-
Balance at end of year	60 611 433	882 820	3 568 835	-	-

OTHER DEFINED BENEFIT PLAN INFORMATION

5.1 POST EMPLOYMENT HEALTH CARE BENEFITS

The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

	2009	2008
The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
- In-service members	471	400
- Continuation members	93	95
Total	**564**	**495**

The liability in respect of past service has been estimated to be as follows:

	R	R
- In-service members	31 650 601	31 929 042
- Continuation members	30 503 258	31 029 227
	62 153 859	**62,958,269**

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:
- Bonitas;
- Global Health;
- Hosmed;
- LA Health;
- Munimed;
- Samwumed.

The future service cost for the ensuing year is established to be R4 042 131 whereas the interest-cost for the next year is estimated to be R5 588 328.

Key actuarial assumptions used:	**2009**	**2008**
i) Rate of interest		
Discount Rate	**9.13%**	**10.69%**
Health Care Cost Inflation Rate	**7.80%**	**9.69%**
Net Effective Discount Rate	**1.24%**	**0.91%**

ii) Mortality rates
The PA 90-1 ultimate Mortality table was used by the actuaries for post-retirement and the SA 85-90 Mortality table was used for current employment.

iii) Average retirement age
The average retirement age for employees of the municipality is 60 years.

iv) Other assumptions

It is assumed that 95% of the members will continue with their membership at retirement.
It is also assumed that 95% of members will be married at retirement.

The amounts recognised in the Statement of Financial Position are as follows:	**2009 R**	**2008 R**
Present value of fund obligations	62 153 859	62 958 269
Fair value of plan assets	-	-
	62 153 859	62 958 269
Unrecognised past service cost	-	-
Unrecognised actuarial losses	-	-
Present value of unfunded obligations	62 153 859	62 958 269
Net liability	62 153 859	62 958 269

The municipality had elected to recognise the full increase in this defined benefit liability immediately, as per IAS 19 *Employee Benefits,* paragraph 155(a).

The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	1 126 375	1 017 594
Interest cost	6 625 759	4 888 249
Actuarial losses/ (gains)	(6 553 051)	2 303 933
Vested past service cost		
Total included in employee related costs (Note 27)	1 199 083	8 209 776

Sensitivity Analysis:

Effect on the defined benefit obligation:

Assumptions	**Change**	**Liability (R'000)**	**% Change**
Central assumptions		62.154	
Health Care inflation	+1%	72.638	**17%**
Health Care inflation	-1%	53.705	**-14%**
Post-retirement mortality	-1 yrs	64.201	**3%**
Average retirement age	-1 yrs	64.815	**4%**
Withdrawal rate	-50%	65.773	**6%**

5.2 EX-GRATIA PENSIONERS

The Ex-Gratia Pensioner Benefit Plan is a defined benefit plan. As at 30 June 2009, 14 pensioners were eligible for payments in terms of this plan.

The Municipality provides pension benefits to all employees that are not members of the Pension - or Provident Funds, that have completed at least 10 years of service at the Council and have reached the age of 60. The benefit is calculated according to the average annual salary earned during the last year of service multiplied by number of years of service, divided by 60.

The contribution rate payable is as follows:
For continuation members, the member contribution is 70 % and the Council contribution is 30%. For current employees the contribution rate is 60/40.

The interest-cost for the next year is estimated to be R75 534. Actuaries are of opinion that future service cost need not be determined for pension fund liability as all benefits vests immediately.

Key actuarial assumptions used:	**2009**	**2008**
i) Rate of interest		
Discount Rate	**8.44%**	**8.64%**
Pension increase rate	**2.78%**	**1.89%**
Post retirement discount rate	**5.51%**	**4.25%**

ii) Mortality rates
The PA(90)-1 mortality table was used by the actuaries.

	2009	2008
The amounts recognised in the Statement of Financial Position are as follows:	**R**	**R**
Present value of fund obligations	899 085	1 003 461
Fair value of plan assets	-	-
	899 085	1 003 461
Unrecognised past service cost	-	-
Unrecognised actuarial losses	-	-
Present value of unfunded obligations	899 085	1 003 461
Net liability	899 085	1 003 461

The municipality had elected to recognise the full increase in this defined benefit liability immediately, as per IAS 19 *Employee Benefits,* paragraph 155(a).

The amount recognised in the Statement of Financial Performance are as follows:		
Current service cost	-	-
Interest cost	81 893	88 973
Actuarial losses/ (gains)	(72 663)	(6 497)
Vested past service cost	-	-
Total included in employee related costs (Note 27)	9 230	82 476

5.3 LONG SERVICE AWARDS

The Long Service Awards plan is a defined benefit plan. As at 30 June 2009, 815 employees were eligible for Long Service Awards.

The future service cost for the ensuing year is estimated to be R784 081, whereas the interest-cost for the next year is estimated to be R509 949.

Key actuarial assumptions used:

Discount rate	**9.08%**	**8.00%**
Salary Inflation Rate	**6.61%**	**6.00%**
Net Effective Discount Rate	**2.32%**	**1.89%**

The amounts recognised in the Statement of Financial Position are as follows:		
	R	**R**
Present value of fund obligations	5 969 984	4 346 643
Fair value of plan assets	-	-
	5 969 984	4 346 643
Unrecognised past service cost	-	-
Unrecognised actuarial losses	-	-
Present value of unfunded obligations	5 969 984	4 346 643
Net liability	5 969 984	4 346 643

The municipality had elected to recognise the full increase in this defined benefit liability immediately, as per IAS 19 *Employee Benefits,* paragraph 155(a).

The amount recognised in the Statement of Financial Performance are as follows:		
Current service cost	388 192	359 437
Interest cost	347 731	314 838
Actuarial losses/ (gains)	1 410 476	413 509
Vested past service cost	-	-
Total included in employee related costs (Note 27)	2 146 399	1 087 784

Sensitivity Analysis:

Effect on the defined benefit obligation:

Assumptions	**Change**	**Liability (R'000)**	**% Change**
Central assumptions		5.970	
General salary inflation	+1%	6.317	**6%**
General salary inflation	-1%	5.652	**-5%**
Average retirement age	-2 yrs	5.375	**-10%**
Average retirement age	+2 yrs	6.507	**9%**
Withdrawal rates	-50%	6.875	**15%**

Effect on the aggregate of the current service cost & Interest Cost :

Assumptions	**Change**	**Liability**	**% Change**
Central assumptions		735 924	
General salary inflation	+1%	795 725	**8%**
General salary inflation	-1%	682 412	**-7%**
Average retirement age	+2 yrs	779 689	**6%**
Average retirement age	-2 yrs	662 831	**-10%**
Withdrawal rates	-50%	912 704	**24%**

5.4 REHABILITATION OF LANDFILL SITES

Provision is made in terms of the Municipality's licensing stipulations of the landfill sites for the rehabilitation of these sites. The provision has been determined on the basis of a recent independent study. The payment dates of total closure and rehabilitation are uncertain, but are expected to be between 2011 and 2015.

5.5 CLEARING OF ALIEN VEGETATION

Provision is made in terms of the Conservation of Agricultural Resources Act, 1983 (Act 43 of 1983) for the clearing of alien vegetation as settlement of the obligations in respect of this Act.

5.6 INFORMATION ABOUT THE MUNICIPALITY'S OTHER RETIREMENT FUNDS

The personnel of the Mosselbay Municipality are members of the funds as set out below. These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below. The Cape Joint Pension Fund and Cape Joint Retirement Fund are defined benefit plans, wheras the Municipal Councillors Fund and the Providend Fund are defined contribution plans. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

- The assets of each fund are held in one portfolio; these assets are not notionally allocated to each of the participating employers.
- One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- The same rate of contrbutions applies to al participating employers, and no regard is paid to differences in the membership distribution of the participating

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

CAPE JOINT PENSION FUND

The Cape Joint Pension Fund is a multi-employer plan and the contribution rate payable is 9%, by the members and 18% by Council. The last valuation performed for the year ended 30 June 2006 (30 June 2005) revealed that the fund had an actuarial surplus of R293,01 (R87,2) million with a funding level of 111,4% (103,4%), and is in a sound financial state as at 30 June 2006.

CAPE JOINT RETIREMENT FUND

The contribution rate paid by the members (9,0%) and Council (18,0%) is sufficient to fund the benefits accruing from the fund in future. The last valuation performed for the year ended 30 June 2006 (30 June 2003) revealed that the fund had an actuarial surplus of R38,58 (R0) million with a funding level of 114% (100%). Certified in a sound financial position as at 30 June 2006.

SALA PENSION FUND

The fund has been certified in a sound financial position as at 1 July 2006 and has improved to a position where it is now 100% funded. It should be noted that the rule amendments giving effect to the changes as at 1 July 2003 in terms of the previous Scheme of Arrangement have been approved. Although these rule amendments were fully backdated, there is a risk that some agterskot benefit payments may still necessary in terms of the precedent set by the Adjudicator's ruling that a member was underpaid in a specific instance. Provision for this eventuality has been made in the financial account of the Fund. The Council is contributing an additional 2,71% to the fund as from 1 July 2005 effective from July 2003.

MUNICIPAL COUNCILLORS PENSION

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and council (15%) is sufficient to fund the benefits accruing from the fund in the future. The actuarial valuation of the fund was undertaken at 30 June 2005 and reported a funding ratio of 147.3%.

SOUTH AFRICAN MUNICIPAL WORKERS UNION NATIONAL PROVIDENT FUND

The contribution rate payable is 5% by the members and not less that 12% by Council. The last valuation performed for the year ended 30 June 2005, certified that the fund is in a sound financial state.

6. NON-CURRENT DEPOSITS

Santos Pavilion Repair Fund		
Balance at beginning of year	185 909	331 444
Contributions during the year	-	-
Interest on Investment	16 380	17 316
Expenditure during the year	-	(162 851)
	202 289	185 909

This fund was created after the Pavilion burnt down a number of years ago. An entrepreneur restored the pavilion to its original form in exchange for a 99-year lease at a reasonable rent. It was also a condition that he should make available an amount of R100,000 to the council as an investment. Interest earned may be used by Council for the maintenance of the building should he fail to do it himself.

7. CONSUMER DEPOSITS

	R	R
Electricity and Water	9 468 865	8 164 883
Total consumer deposits	9 468 865	8 164 883

No interest accrues on consumer deposits.

Guarantees held in lieu of electricity deposits	10 000	10 000

Guarantees held in lieu of electricity were R10 000 for 2009 (R10 000 for 2008) which is included in the total consumer deposits of R9 468 865 in 2009 (R8 164 883 in 2008).

8. PROVISIONS (CURRENT PORTION)

	2009	2008
	R	R
Post Retirement benefits	2 004 848	2 467 477
Long service awards	727 625	777 808
Rehabilitation of Landfill sites	75 000	-
Clearing of Alien Vegetation	1 865 000	50 000
Illegal Dumping	-	25 000
Performance Bonuses	910 435	657 393
Total Provisions	5 582 908	3 977 678

The movement in current provisions are reconciled as follows:

Post Retirement benefits

Balance at beginning of year	2 467 477	6 194 817
Transfer from non-current	2 004 848	2 467 477
Contributions to provisions	-	-
Expenditure incurred	(2 467 477)	(6 194 817)
Balance at end of year	2 004 848	2 467 477

Long Service Awards

Balance at beginning of year	777 808	263 101
Transfer from non-current	727 625	777 808
Contributions to provisions	-	-
Expenditure incurred	(777 808)	(263 101)
Balance at end of year	727 625	777 808

Rehabilitation of Landfill sites

Balance at beginning of year	-	-
Transfer from non-current		
Contributions to provisions	75 000	
Expenditure incurred	-	
Balance at end of year	75 000	-

Clearing of Alien Vegetation

Balance at beginning of year	50 000	1 126 800
Transfer from non-current		
Contributions to provisions	1 864 875	39 020
Expenditure incurred	(49 875)	(1 115 820)
Balance at end of year	1 865 000	50 000

Illegal Dumping

Balance at beginning of year	25 000	245 000
Transfer from non-current		
Contributions to provisions	-	19 445
Expenditure incurred	(25 000)	(239 445)
Balance at end of year	-	25 000

Performance Bonuses

Balance at beginning of year	657 393	431 708
Transfer from non-current		
Contributions to provisions	581 481	657 393
Expenditure incurred	(328 439)	(431 708)
Balance at end of year	910 435	657 393

Post Retirement Benefits:
This is the current portion which is due of the non-current provision. (refer note 5)

Long Service Provision:
This is the current portion which is due of the non-current provision. (refer note 5)

Rehabilitation of Landfill sites:
This is the current portion which is due of the non-current provision. (refer note 5)

Clearing of Alien Vegetation:
This is the current portion which is due of the non-current provision. (refer note 5)

Illegal Dumping:

Provision has been made to clean-up for Illegal Dumping costs for unlawful environmental damage. No provision is made in the 2008/09 financial year, seeing as the backlogs for clean-up of Illegal Dumping has been cleared and the clean-up of Illegal Dumping is now funded out of the operational budget of the municipality as normal maintenance.

Performance Bonuses:

Performance bonuses accrue to employees on a annual basis, subject to certain conditions. The provision is an estimate of the amount due to staff as at the financial year end.

9. TRADE AND OTHER PAYABLES

	2009	2008
	R	R
Trade payables	20 572 228	6 109 979
Payments received in advance	7 890 597	8 500 336
Accrued Expenditure	2 963 283	2 434 053
Retentions	7 740 812	5 578 264
Staff leave accrual	6 988 851	5 543 275
Other payables	833 842	507 096
Other deposits	5 231 669	4 604 256
Total Trade Payables	52 221 282	33 277 258

The fair value of trade and other payables approximates their carrying amounts.
Trade and other payables are normally settled on 30 day terms in accordance with the MFMA.
No interest is charged for the first 30 days from the date of receipt of the invoice.
Thereafter interest is charged in accordance with the credit policies of the various individual creditors.

Refer to Notes 35.1 - 35.6 for detail regarding the restatement of previous year balances.

10. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

9.1 Conditional grants from spheres of government	14 255 435	2 883 139
Provincial Grants (Note 23)	6 842 836	1 255 779
National Grants (Note 23)	6 811 677	243 674
Other Government Grants	600 922	1 383 686
9.2 Other conditional receipts	65 885	32 351
District Municipality	-	-
Developers contributions	-	-
Public contributions	65 885	32 351
Total conditional grants and receipts	14 321 321	2 915 491

These amounts are invested in a ring-fenced investment until utilised in terms of section 12 of the MFMA.
Refer to Note 24 for reconciliation of Government Grants & Subsidies and Note 26 for reconciliation of Public Contributions.
Also refer to Appendix F for further detail.

11. VAT

Opening Balance	3 436 067	2 986 235
VAT Payable (output)	(35 848 713)	(35 111 208)
VAT Receivable (Input)	35 173 200	28 476 390
Paid to SARS	(433 769)	7 084 649
Total Net VAT Payable	2 326 786	3 436 067

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over SARS.

12. PROPERTY, PLANT & EQUIPMENT

	Cost	Accumulated Depreciation	Carrying Value
As at 30 June 2008	R	R	R
Land	300 693 163	-	300 693 163
Buildings	120 611 175	25 322 149	95 289 026
Infrastructure	447 443 666	145 961 449	301 482 217
Community	70 070 051	12 559 039	57 511 012
Other	44 734 104	17 186 800	27 547 304
Total	**983 552 158**	**201 029 438**	**782 522 720**

	Cost	Accumulated Depreciation	Carrying Value
As at 30 June 2009	R	R	R
Land	300 693 163	-	300 693 163
Buildings	124 447 208	29 397 794	95 049 414
Infrastructure	534 332 806	155 755 265	378 577 541
Community	70 983 068	15 118 128	55 864 939
Other	51 334 567	21 780 318	29 554 248
Total	**1081 790 811**	**222 051 506**	**859 739 305**

Refer to Appendix B, C and B(1) for more detail.
Refer to Notes 35.4, 35.7 - 35.9 and 35.11 for detail regarding the restatement of previous year balance.

PROPERTY, PLANT AND EQUIPMENT										
30 June 2009										
Reconciliation of Carrying Value	Land & Buildings	Infrastructure	Community	Heritage	Other	Housing Development Fund	Leased Infrastructure	Intangible Assets	Investment property	Total
	R	R	R	R	R	R	R	R		R
Carrying values at 1 July 2008	**395 982 189**	**245 621 953**	**57 511 011**	**-**	**24 818 517**	**-**	**2 728 792**	**596 452**	**503 217 648**	**1230 476 562**
Cost	302 747 878	391 583 403	70 070 050	-	39 959 136	-	4 774 967	1 171 103	516 910 453	**1327 216 991**
Adjustments/Correction of error	118 556 459	-	-	-	-	-	-	-	(11 174 500)	**107 381 959**
Accumulated depreciation	25 322 148	145 961 450	12 559 039	-	15 140 619	-	2 046 175	574 651	2 518 305	**204 122 388**
-cost/Impairment loss	24 739 998	137 354 576	12 559 039	-	15 438 465	-	2 046 175	574 651	2 270 005	**194 982 910**
-Correction of error	582 150	8 606 874	-	-	(297 846)	-	-	-	248 300	**9 139 478**
Acquisitions	3 915 698	46 160 125	913 017		7 085 338		1 811 113	-	-	**59 885 290**
Adjustment during the year										
Capital under construction	-	96 589 278	-	-	-	-	-	-	-	**96 589 278**
Increases/decreases in revaluation										
Depreciation	4 094 455	9 793 816	2 559 089	-	5 230 795	-	1 235 588	154 471	-	**23 068 214**
-based on cost	4 136 085	9 793 816	2 559 089		5 472 191		1 235 588	170 036	-	**23 366 804**
-based on revaluation	(41 631)				(241 395)		-	(15 564)		**(298 590)**
Carrying value of disposals	60 856	-	-	-	450 953	-	1	-	60 000	**571 810**
Cost/revaluation	79 665	-	-	-	1 312 775	-	1 011 044	-	60 000	**2 463 484**
Accumulated depreciation	18 810	-	-	-	861 822	-	1 011 043	-	-	**1 891 674**
Impairment losses										
Other movements										
Carrying values at 30 June 2009	**395 742 577**	**378 577 540**	**55 864 939**	**-**	**26 222 106**	**-**	**3 304 317**	**441 981**	**503 157 648**	**1363 311 107**
Cost	306 583 911	534 332 806	70 983 067	-	45 731 699	-	5 575 036	1 171 103	516 850 453	**1481 228 076**
Adjustments/Correction of error	118 556 459	-	-	-	-	-	-	-	(11 174 500)	**107 381 959**
Accumulated depreciation	29 397 793	155 755 266	15 118 128	-	19 509 593	-	2 270 720	729 122	2 518 305	**225 298 927**
-cost	28 815 643	147 148 392	15 118 128	-	19 807 439	-	2 270 720	729 122	2 270 005	**216 159 450**
-Correction of error	582 150	8 606 874	-	-	(297 846)	-	-	-	248 300	**9 139 478**

PROPERTY, PLANT AND EQUIPMENT

30 June 2009

Reconciliation of Carrying Value	Land & Buildings	Infrastructure	Community	Heritage	Other	Housing Development Fund	Leased Infrastructure	Intangible Assets	Investment Property	Total
	R	R	R	R	R	R	R	R		R
Carrying values at 1 July 2007	**405 754 277**	**224 708 506**	**58 978 803**	**-**	**55 282 684**	**-**	**2 052 912**	**3 444 064**	**503 186 275**	**1253 407 521**
Cost	308 441 370	363 091 032	69 046 626	-	83 342 437	-	3 216 310	6 716 347	516 879 080	**1350 733 202**
Adjustments/Correction of error	118 556 459	-	-	-	-	-	-	-	(11 174 500)	**107 381 959**
Accumulated depreciation	21 243 552	138 382 526	10 067 823	-	28 059 753	-	1 163 398	3 272 283	2 518 305	**204 707 640**
-cost/Impairment loss	20 952 876	117 810 458	10 067 823	-	28 130 112	-	1 163 398	3 272 283	2 270 005	**183 666 956**
-Correction of error	290 676	20 572 067	-		(70 359)		-	-	248 300	**21 040 684**
Acquisitions	5 094 726	45 057 251	1 023 425	-	4 960 764	-	1 641 900	-	31 373	**57 809 440**
Adjustment during the year								-		**-**
Capital under construction	-	39 310 883	-		(16 063 574)	-	-	-	-	**23 247 309**
Increases/decreases in revaluation										**-**
Depreciation	4 078 596	7 578 925	2 491 216	-	7 332 893	-	916 074	569 523	-	**22 967 227**
-based on cost	3 787 122	19 544 118	2 491 216	-	7 560 380	-	916 074	569 523	-	**34 868 433**
-based on revaluation	291 474	(11 965 193)	-	-	(227 487)	-	-	-	-	**(11 901 206)**
										-
Carrying value of disposals	10 788 217	-	-	-	12 028 218	-	49 945	2 278 088	-	**25 144 468**
Cost/revaluation	10 788 217	-	-	-	32 280 244	-	83 242	5 545 243	-	**48 696 946**
Accumulated depreciation	-	-	-	-	20 252 027	-	33 297	3 267 155	-	**23 552 479**
Impairment losses	-	-	-	-	-	-	-	-	-	**-**
Other movements	-	-	-	-	-	-	-	-	-	**-**
Carrying values at 30 June 2008	**395 982 190**	**301 497 716**	**57 511 012**	**-**	**24 818 763**	**-**	**2 728 793**	**596 453**	**503 217 648**	**1286 352 575**
Cost	302 747 879	447 459 166	70 070 051	-	39 959 383	-	4 774 968	1 171 104	516 910 453	**1383 093 004**
Adjustments/Correction of error	118 556 459	-	-	-	-	-	-	-	(11 174 500)	**107 381 959**
Accumulated depreciation	25 322 148	145 961 450	12 559 039	-	15 140 619	-	2 046 175	574 651	2 518 305	**204 122 388**
-cost	24 739 998	137 354 576	12 559 039	-	15 438 465	-	2 046 175	574 651	2 270 005	**194 982 910**
-Correction of error	582 150	8 606 874	-	-	(297 846)	-	-	-	248 300	**9 139 478**

Changes in useful lifes occurred during the financial year under review. The impact of the change in useful lifes were as follow:

Depreciation decreased as follows:	
Other assets	-241,395
Leased assets	-
Intangible assets	-15,564
Buildings	-41,631
	-298,590

Other assets were identified which were fully depreciated in years prior to 2008/2009. These assets current carrying value in the asset register appear as R0, however the following information is available:

	Cost:	**Residual values:**
Other assets:	6,548,995	902,374
Buildings:	2,350,602	-

13. INTANGIBLE ASSETS

	2009 R	2008 R
Carrying values at the beginning of the year	596 452	3 444 063
Cost	1 171 104	6 716 347
Accumulated amortisation	(574 652)	(3 272 284)
Acquisitions	-	
Disposals		(5 545 243)
Transfer from Property, plant and equipment (Correction of error per note 34.10)		
Amortisation	(154 471)	(569 523)
Amortisation written back on disposals		3 267 155
Carrying values at the end of the year	441 980	596 452
Cost	1 171 104	1 171 104
Accumulated amortisation	(729 124)	(574 652)

14. INVESTMENT PROPERTY

Carrying values at the beginning of the year	503 217 653	503 186 280
Cost	503 217 653	503 186 280
Acquisitions	-	31 373
Disposals	-60,000	-
Implementation of IAS 40 Standard	-	-
Impairment losses	-	-
Carrying values at the end of the year	503 157 653	503 217 653
Cost	503 157 653	503 217 653

Investment property is property held to earn rentals or for capital appreciation or both, such as Land held for long-term capital appreciation or Vacant land held for undecided future use.
Revenue earned from Investment Property is disclosed in the Statement of Financial Performance. The Investment Property is carried at fair value.

Refer to Note 35.10 for detail regarding the restatement of previous year balance.

15. LONG-TERM RECEIVABLES

Loans to controlled Municipal Entities	3 972 674	5 030 072
Car Loans	46 643	92 778
Study Loans	107 150	172 805
Land Sales Debtors	34 707	43 867
Public Assistance Loans	424 546	474 265
Housing Selling Scheme Loans	3 359 628	4 246 356
Less: Current portion transferred to current receivables	509 659	1 306 304
Car Loans	46 643	45 897
Land Sales Debtors	642	2 754
Public Assistance Loans	160 957	161 493
Housing Selling Scheme Loans	301 418	1 096 160
Less: Provision for Impairment of long-term receivables	2 227 709	2 163 910
Housing Selling Scheme Loans	2 227 709	2 163 910
Total	1 235 306	1 559 858
Reconciliation of Impairment of Long-term receivables		
Balance at beginning of year	2 163 910	3 163 811
Contribution to / (Reversal from) provision	862 683	(233 229)
Bad Debts written off / recovered	(798 885)	(766 672)
Balance at end of year	2 227 708	2 163 910

Outstanding Land Sales debtors and Housing selling scheme loans were summarised in scheme numbers. A payment % report was also drawn from the system per suburb, as the report can not be drawn per scheme, and vice versa.
A payment % of 34.6 % was established and a provision for impairment was made for 65%.

No provision for impairment to be recognised for car, study and public assistance loans.

Loans to Employees (Car, Study and Computer loans)
Staff were entitled to various loans e.g. car loans which attract interest at 8% per annum and which are repayable over a maximum period of 6 years.
These loans were granted before the implementation of the MFMA and the last of the loans are repayable by May 2010.

Land Sales
Loans were granted to qualified individuals by Council. These loans attract interest at market-related interest rates.

Public assistance loans
To facilitate the development of sporting facilities, loans were made to provide the necessary financial assistance. These attract interest at a rate of 8% to 15% per annum and are repayable over a maximum period of 15 years.

Housing Selling Scheme Loans
Housing loans are granted to qualifying individuals in terms of the National Housing Policy. These loans attract interest at a rate determined by the National Minister of Housing.

16. INVENTORY

	2009	2008
	R	R
Consumable stores - at cost	348 945	632 496
Maintenance materials - at cost	4 324 194	4 527 486
Meters	210 363	133 180
Spare parts - at unauthorised value	5 240	5 518
Purification Materials	312 581	501 949
Unsold properties held for resale - at unauthorised value	5 830 286	5 980 842
Water purification	175 118	122 138
Total inventory	11 206 726	11 903 609

Inventory 2008/2009 = R5 376 441 (R5 922 767 in 2007/2008). Unsold properties held for sale transferred to inventory in 2008/09 = R 5 830 286 (R5 980 842 in 2007/2008). Total inventory = R11 206 726

Inventory to the value of R34 881,87 (R NIL in 2007/08) was written off during this financial year.

17. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

As at 30 June 2009	Gross Balances	Provision for Bad Debts	Net Balance
Service debtors	44 039 814	15 303 566	28 736 249
Electricity	10 825 997	624 221	10 201 776
Water	12 707 177	5 473 159	7 234 017
Refuse	5 036 484	2 187 648	2 848 836
Sewerage	15 470 157	7 018 537	8 451 620
Debtpack Collections	803 816	798 342	5 474
Land Sales	45 478	39 099	6 379
Housing Instalments	1 169 397	609 941	559 456
Housing rentals	296 421	50 324	246 097
Other	982 865	716 829	266 036
Total	47 337 792	17 518 101	29 819 691
As at 30 June 2008			
Service debtors	45 418 774	21 981 680	23 437 094
Electricity	8 661 808	621 607	8 040 202
Water	14 006 043	8 187 375	5 818 668
Refuse	6 210 721	3 870 814	2 339 907
Sewerage	16 540 202	9 301 884	7 238 318
Debtpack Collections	989 638	980 660	8 978
Land Sales	85 321	77 864	7 456
Housing Instalments	1 285 582	791 684	493 898
Housing rentals	308 552	40 057	268 495
Other	1 061 873	593 870	468 003
Total	49 149 740	24 465 816	24 683 924

Refer to Note 36.4 for detail regarding the restatement of previous year balance.

Electricity, Water, Refuse and Sewerage): Ageing	2009 R	2008 R
Current (0 -30 days)	18 133 462	15 184 070
31 - 60 Days	1 594 773	1 625 430
61 - 90 Days	1 338 311	1 104 929
91 - 120 Days	1 239 237	1 025 638
121- 365 Days	9 573 885	10 079 670
> 365 Days	12 160 148	16 399 038
Total	44 039 814	45 418 774

Debtpack Collections		
Current (0 -30 days)	3 596	232
31 - 60 Days	1 878	-
61 - 90 Days	376	2
91 - 120 Days	4 187	-
121- 365 Days	351 634	382 523
> 365 Days	442 145	606 881
Total	803 816	989 638

	2009	2008
Housing Instalments	R	R
Current (0 -30 days)	25 917	20 502
31 - 60 Days	10 383	11 610
61 - 90 Days	9 236	7 207
91 - 120 Days	8 680	6 724
121- 365 Days	93 608	160 184
> 365 Days	1 021 574	1 079 355
Total	1 169 397	1 285 582
Housing rentals: Ageing		
Current (0 -30 days)	7 194	6 348
31 - 60 Days	2 859	2 574
61 - 90 Days	2 553	2 299
91 - 120 Days	2 375	2 248
121- 365 Days	82 707	98 679
> 365 Days	198 733	196 404
Total	296 421	308 552
Other		
Current (0 -30 days)	234 267	387 090
31 - 60 Days	31 770	41 509
61 - 90 Days	33 392	39 405
91 - 120 Days	30 415	17 135
121- 365 Days	263 652	145 472
> 365 Days	389 370	431 263
Total	982 865	1 061 873
Land Sales		
Current (0 -30 days)	1 126	1 317
31 - 60 Days	427	538
61 - 90 Days	367	538
91 - 120 Days	339	538
121- 365 Days	2 162	4 265
> 365 Days	41 056	78 125
Total	45 478	85 321
Reconciliation of Provision for impairment of trade receivables		
Balance at beginning of year	24 465 816	40 215 580
Contribution to / (Reversal from) provision	6 734 834	2 150 862
Bad Debts written off / recovered	(13 682 549)	(17 900 626)
Balance at end of year	17 518 101	24 465 816
Summary of Trade receivables by Consumer Classification		
Residential	36 620 111	38 566 141
Industrial / Commercial	6 646 334	5 683 377
National / Provincial government	1 181 671	811 873
Payments received in Advance	2 889 677	4 088 349
	47 337 792	49 149 740

18. OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Other Receivables from Non-Exchange transactions:	32 034 045	26 882 794
Rates	6 497 162	6 110 068
Accrued Income	12 979 115	10 514 929
Unauthorised expenditure (see Note 40.1)	-	-
Fruitless & wasteful expenditure (see Note 40.2)	-	-
Government subsidies	-	724 894
Other	12 557 767	9 532 904
Recoverable Expenditure	-	-
Less: Provision for impairment of other receivables	7 626 651	4 531 694
Rates	1 340 159	1 932 164
Other : Operating Balance PAWC (Housing Administration)	6 286 492	2 599 530
Total	24 407 394	22 351 100
Rates: Ageing		
Current (0 -30 days)	2 999 122	2 700 420
31 - 60 Days	305 203	184 851
61 - 90 Days	282 009	152 456
91 - 120 Days	223 999	201 138
121- 365 Days	1 738 624	1 579 072
> 365 Days	948 205	1 292 131
Total	6 497 162	6 110 068

Reconciliation of Provision for impairment of other receivables	2009 R	2008 R
Balance at beginning of year	4 531 694	2 596 680
Contribution to / (Reversal from) provision	3 312 971	2 617 794
Bad Debts written off / recovered	(218 014)	(682 780)
Balance at end of year	7 626 651	4 531 694

Sundry debtors are grouped together in financial assets with similar credit risk characteristics and collectively assessed for impairment. However the "Other Debtors" are individually assessed.
A provision was made for the non-payment of the Operating Balance for Housing costs of 100%.

Refer to Notes 35.3, 35.4 & 36.4 for detail regarding the restatement of previous year balance.

19. INVESTMENTS

Short-term Investment deposits	203 000 000	196 000 000
Less: Current portion maturing within next 12 months - refer note 20	203 000 000	196 000 000
	-	-

Investments are made in accordance with the municipality's Cash Management and Investment policy as follows:
- That the broad investment policy framework be applicable
- Investments not be placed with foreign banks
- That council does not make use of the services of investment brokers
- Council's total investment portfolio be invested with banks rated as follows:
  - short-term investments (0 - 12 months) only institutions with an A1 and higher rating be used
  - long-term investments (more than 12 months) only institutions with AA or AAA or higher rating be used
- Not more than 50% of the total investments invested with one institution

No investments were written off during the year.

20. CASH AND CASH EQUIVALENTS

Assets			
Petty Cash		13 980	10 980
Bank balances		-	7 544 895
Short-term Investment deposits		203 000 000	196 000 000
Total cash and cash equivalents - Assets		203 013 980	203 555 875
Liabilities			
Bank overdraft		(1 098 895)	-
Total cash and cash equivalents - Liabilities		(1 098 895)	-
The municipality has the following bank accounts:			
BANK ACCOUNT	Account Numbers		
Primary Bank Account - NEDBANK DEPOSIT ACCOUNT	1626566909	21 508 524	17 488 029
Secondary Bank Account - NEDBANK CHECQUE ACCOUNT	1626566917	-	-
		21 508 524	17 488 029
Bank statement balance at beginning of year		17 488 029	6 429 481
Bank statement balance at end of year		21 508 524	17 488 029
Cash book balance at beginning of year		7 529 466	(21 126 209)
Cash book balance at end of year		(1 098 895)	7 529 466
Petty Cash / Float at beginning of year		10 980	9 380
Petty Cash / Float at end of year		13 980	10 980
Mossel Bay Sport Trust:			
Cash book balance at beginning of year		15 429	-
Cash book balance at end of year		-	15 429
INVESTMENTS: Current portion matures within next 12 months - Refer Note 19		203 000 000	196 000 000

All accounts are with NEDBANK. The balance of account no. 1626566917 - cheque account, is swept to the main account - Primary bank account no. 1626566909.

Refer to Note 36.3 for detail regarding the restatement of previous year balance.

21. OPERATING LEASES

The Municipality as lessee

Operating leases relate to Buildings with lease terms of between one to five years, with an option to extend for a futher period. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

In respect of Non-cancellable Operating Leases the following liabilities have been recognised in the Statement of Financial Position:

	2009 R	2008 R
Balance at beginning of year	19,654	-
Movement for the year	59,531	19,654
Total Operating Lease Liabilities - as lessee	79 185	19 654

At the reporting date the municipality had outstanding commitments under non-cancellable operating leases for buildings, which fall due as follows:

Buildings		
Up to 1 year	903,308	490 507
1 to 5 years	765,975	1 109 395
More than 5 years	-	-
Total Operating Lease arrangements - as lessee	1 669 283	1 599 902

The Municipality as lessor

Operating leases relate to Investment Property owned by the Municipality with lease terms of between one to five years. The lessee does not have an option to purchase the property at the expiry of the lease period.

In respect of Non-cancellable Operating Leases the following assets have been recognised in the Statement of Financial Position:

Balance at beginning of year	101,663	79,673
Movement for the year	5,444	21,990
Total Operating Lease Assets - as lessor	107 108	101 663

At the reporting date the municipality had lease receipts receivable under non-cancellable operating leases for Investment Property, which fall due as follows:

Investment Property		
Up to 1 year	467,656	500,773
1 to 5 years	983,678	1,272,092
More than 5 years	844,157	1,023,399
Total Operating Lease arrangements - as lessor	2 295 491	2 796 263

Operating leases are recognised on the straight-line basis as per the requirement of IAS 17. No restrictions have been imposed on the Municipality in terms of the lease agreements.

Refer to Note 36.6 and 36.7 for detail regarding the restatement of previous year balance.

22. PROPERTY RATES

Actual		
Residential	36 127 656	31 882 775
Commercial	7 836 509	8 320 390
State	1 062 401	786 910
Building Clause	8 727	32 962
Assessment Rate: Letting	1 466	1 602
Assessment Rate: State Building Kwa Nonqaba	113 217	100 776
Agricultural	562 481	420 179
Less: Income forgone	(1 570 135)	(2 332 172)
Total assessment rates	44 142 322	39 213 422

Valuations	**July 2009**	**July 2008**
Residential	23 462 471 490	5 773 487 700
Commercial	2 306 506 800	1 129 731 000
State	348 149 600	104 058 600
Municipal	643 106 410	299 050 210
Building Clause	6 369 440	6 849 440
Assessment Rate: Letting	-	-
Assessment Rate: State Building Kwa Nonqaba	3 286 500	12 135 800
Agricultural	1 332 603 500	319 400 300
Total property valuations	28 102 493 740	7 644 713 050

The valuation of land takes place every four years in terms of the determinations of the new Ordinance on Property Valuation, 1993. The Mossel Bay area, including the rural farms, were revalued with starting date 2 July 2007, whilst the valuation became effective from 1 July 2008. The basic rate which was applicable for the 2008/09 financial year in the various areas ranged between R0,000453 and R0,004156 on Land and R0,004530 and R0,004156 on Buildings respectively. Qualifiying pensioners received an additional rebate of either 50% or 30% on property tax. With regard to needy families, where the joint income of husband and wife amounted to less than R2 500 a rebate was allowed with regard to water, refuse and sewerage. Regarding the housing schemes, it is noted that income for rates was not based on valuation.

Refer to Note 36.2 for detail regarding the restatement of previous year balance.

23. SERVICE CHARGES

	2009 R	2008 R
Sale of electricity	134 825 295	109 068 453
Sale of water	54 145 094	47 481 540
Refuse removal	23 867 455	21 027 679
Sewerage & sanitation charges	42 050 909	36 979 353
Total service charges	254 888 753	214 557 025

Refer to Note 36.2 for detail regarding the restatement of previous year balance.

24. GOVERNMENT GRANTS AND SUBSIDIES

Equitable share	23 589 736	17 056 215
National Government Grants	25 452 998	11 487 316
Provincial Government Grants	14 394 022	10 925 968
Main Road Subsidy - Provincial	810 860	724 894
Other Grants	6 733 648	6 883 260
Total Government Grant & Subsidies	70 981 263	47 077 652

24.1 Equitable Share

These grants are used to subsidise the provision of basic services to indigent communities.

24.2 National Government Grants

Balance unspent at beginning of year	243 674	9 807 777
Current year receipts	32 021 001	1 923 213
Adjustments	-	-
Conditions met - transferred to revenue	(25 452 998)	(11 487 316)
Conditions still to be met - transferred to liabilities (see note 10)	6 811 677	243 674

Mossel Bay Municipality received various grants from National Government for capital projects, such as a New Reservoir in Herbertsdale and Flood Damage funds. Other than the amounts unspent, the conditions of the grants have been met. No funds have been withheld.

24.3 Provincial Government Grants

Balance unspent at beginning of year	1 255 779	476 307
Current year receipts	20 520 621	11 705 440
Adjustments	539 542	-
Conditions met - transferred to revenue	(14 394 022)	(10 925 968)
Conditions still to be met - transferred to liabilities (see note 10)	7 921 920	1 255 779

Mossel Bay Municipality received various grants from Provincial Government for operational and capital projects, such as Housing Topstructures and Newsletter subsidies. Other than the amounts unspent, the conditions of the grants have been met. No funds have been withheld.

24.4 Main Roads Subsidy

Balance unspent at beginning of year	-	-
Current year receipts	810 860	724 894
Conditions met - transferred to revenue	(810 860)	(724 894)
Conditions still to be met - transferred to liabilities (see note 10)	-	-

Mossel Bay Municipality received funds from Provincial Government for the maintenance of Proclaimed Roads. All funds were spent during the year.

24.5 Other Grants

Balance unspent at beginning of year	1 383 686	1 556 159
Current year receipts	5 950 884	6 710 786
Adjustments	-	-
Conditions met - transferred to revenue	(6 733 648)	(6 883 260)
Conditions still to be met - transferred to liabilities (see note 10)	600 922	1 383 686

The Municipality received various other grants from PAWC for operational projects, such as MSIG, FMG and LGSETA funds. Other than the amounts unspent, the conditions of the grants have been met. No funds have been withheld.

25.	OTHER INCOME	2009 R	2008 R
	Building Plan Fees	2 478 354	5 488 170
	Camping Fees	4 216 471	3 266 917
	Rental Chalets	2 248 209	2 033 996
	Availability Fees (Services)	12 332 859	11 062 880
	Land Usage Fees	427 466	579 990
	Contributions from External Services	2 131 869	9 708 009
	Contributions from Land Sales	80 940	193 580
	Insurance Claims	772 247	555 071
	Collection costs recovered	1 425 759	1 649 297
	Other	3 347 423	4 116 594
	Total other income	29 461 596	38 654 505

26.	PUBLIC CONTRIBUTIONS		
	District Municipality	-	5 075 670
	Developers Contributions	-	104 034
	Public Contributions	267 701	1 160 379
	Connection Fees	2 306 812	4 255 442
	Other	-	-
	Total public contributions	2 574 513	10 595 524
26.1	**District Municipality**		
	Balance unspent at beginning of year	-	3 821
	Current year receipts	-	5 071 849
	Adjustments	-	-
	Conditions met - transferred to revenue	-	(5 075 670)
	Conditions still to be met - transferred to liabilities (see note 10)	-	-
26.2	**Developers Contributions**		
	Balance unspent at beginning of year	(0)	201 195
	Current year receipts	-	-
	Adjustments	-	(97 161)
	Conditions met - transferred to revenue	-	(104 034)
	Conditions still to be met - transferred to liabilities (see note 10)	(0)	(0)
26.3	**Public Contributions**		
	Balance unspent at beginning of year	32 351	5 825
	Current year receipts	311 260	1 192 832
	Adjustments	(10 024)	(5 928)
	Conditions met - transferred to revenue	(267 701)	(1 160 379)
	Conditions still to be met - transferred to liabilities (see note 10)	65 885	32 351

The Municipality receives contributions from various private funders for operational and capital projects. Other than the amounts unspent the conditions of the contributions have been met. No funds have been withheld.

27.	EMPLOYEE RELATED COSTS		
	Employee-related costs - Salaries, Wages & Bonuses	76 498 639	62 512 708
	Employee-related costs - Contributions for UIF, pensions & medical aids	18 246 160	14 073 789
	Contributions to Post Retirement Benefits Provision	7 834 027	5 994 816
	Contributions to Long Service Bonus Provision	735 923	674 275
	Contributions to Leave Gratuity Provision	1 923 513	1 595 946
	Travel, motor car, accommodation, subsistence & other allowances	7 704 546	6 084 995
	Housing benefits & allowances	1 116 483	865 511
	Overtime payments	7 211 426	5 766 482
	Executive packages	6 730 580	4 158 422
	Less: Employee costs capitalised and to other operating maintenance	(255 546)	(145 529)
	Total employee-related costs	127 745 752	101 581 414
	REMUNERATION OF KEY MANAGEMENT PERSONNEL:		
	Remuneration of the Municipal Manager		
	Annual remuneration	1 967 787	575 587
	Performance bonuses	11 200	118 933
	Car allowance	11 000	120 000
	Administration		-
	Telephone		-
	Contributions to UIF, Medical & Pension Funds	166 498	97 260
	Group Insurance	-	-
	Industrial Council	41	38
	Total	2 156 526	911 818

	2009	2008
Remuneration of the Chief Financial Officer	**R**	**R**
Annual remuneration	500 115	397 296
Performance bonuses	112 000	96 142
Car allowance	96 000	96 000
Contributions to UIF, Medical & Pension Funds	153 114	140 988
Group Insurance	6 624	6 624
Industrial Council	41	38
Total	867 894	737 089

Remuneration of individual executive directors	**Technical**	**Electro-Technical**	**Town Planning**	**Corporate**	**Community**
30 June 2009	**Services**	**Services**	**& Build control**	**Services**	**Services**
Annual remuneration	447 456	492 278	417 314	457 014	489 266
Performance bonuses	97 180	105 000	61 740	97 180	97 180
Acting allowance	-	-	-	-	-
Car allowance	114 980	102 000	-	120 000	108 000
Administration	-	-	-	-	-
Telephone	-	-	-	-	-
Contributions to UIF, Medical & Pension Funds	119 745	123 498	23 661	111 643	90 214
Group Insurance	11 923	6 624	-	5 447	6 624
Industrial Council	41	41	24	41	41
Total	791 326	829 441	502 740	791 326	791 326

Remuneration of individual executive directors	**Technical**	**Electro-Technical**	**Town Planning**	**Corporate**	**Community**
30 June 2008	**Services**	**Services**	**& Build control**	**Services**	**Services**
Annual remuneration	101 305	416 696	-	339 333	328 592
Performance bonuses	96 142	96 142	-	96 142	96 142
Acting allowance	170 058	-	-	32 047	-
Car allowance	-	102 000	-	100 000	108 000
Administration	-	-	-	-	79 985
Telephone	-	-	-	-	36 000
Contributions to UIF, Medical & Pension Funds	5 513	115 589	-	90 219	81 707
Group Insurance	-	6 624	-	4 539	6 624
Industrial Council	6	38	-	32	38
Total	373 024	737 089	-	662 312	737 089

28. REMUNERATION OF COUNCILLORS

	2009	2008
	R	**R**
Executive Mayor	464 955	403 435
Executive Deputy Mayor	375 160	372 584
Speaker	356 782	304 531
Mayoral Committee members	1 058 133	918 529
Councillors	2 589 458	2 298 039
Councillors' pension contributions	518 291	515 467
Councillors' medical contributions	50 285	66 198
Travel Cost in Excess of 500km	14 016	17 471
Total Councillors' remuneration	5 427 079	4 896 255

In kind benefits

The Executive Mayor, Executive Deputy Mayor, Speaker and Mayoral Committee members are employed on a full-time basis. Each is provided with an office and administrative secretarial support at Councils cost. The Executive and Deputy Mayor have access to Council-owned vehicles for ceremonial and official functions. Full-time Councillors are equipped with computers in their offices or at their homes. Ward Committee members are equipped with cellphones for communication purposes.

Certification by Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

29. IMPAIRMENT COSTS

Contribution to Provision for Impairment	11 504 988	5 081 429
Bad Debts : Services	-	1 498 543
	11 504 988	6 579 972

30. INTEREST PAID

	2009 R	2008 R
Long-term Liabilities	770 555	636 560
Current Deposit	16 380	17 316
Total interest	786 935	653 875

31. BULK PURCHASES

Electricity	85 985 503	50 793 081
Water	6 803 499	6 363 950
Total bulk purchases	92 789 002	57 157 031

32. GRANTS AND SUBSIDIES PAID

Grant in Aid (Assessment Rates)	-	-
Grant in Aid (Services)	2 340 682	2 098 524
Subsidy: Benefit Discount Scheme	383 832	463 072
SPCA	275 733	297 049
Hessequa Municipality	10 000	20 000
Other Donations	-	80 000
Total grants & subsidies	3 010 247	2 958 645

Other Donations:
During 2008/09 no Other Donations were made, whereas an amount of R80 000 was donated during 2007/08. Other Donations for 2007/08 consists of contributions to Mossel Bay Tourism to the amount of R20000 and a contribution to Mossel Bay Business Chambers of R60000.

33. GENERAL EXPENSES

Audit Fees - External Auditors	1 824 286	909 807
Bank Charges	1 682 666	1 474 335
Conferences & Seminars	38 455	36 216
Consultant Fees	1 318 943	825 731
Contract Work	3 456 564	3 301 385
Contributions to Alien Vegetation Provision	4 100 000	39 020
Contributions to Illegal Dumping Provision	-	19 445
Contributions to Rehabilitation of Landfill sites Provision	621 000	-
Entertainment - Public	12 910	10 510
Fuel & Oil	4 395 680	3 880 469
Hire Charges	51 363	95 470
Housing: Top Structures	12 783 900	7 586 284
Industrial & Tourism - Sect. 21 Co	2 348 742	2 184 687
Insurance	2 014 954	2 349 338
Inventory Items	248 078	2 041 561
Houses for resale-Written off	150 557	4 313 585
Lease Charges	857 189	720 781
Legal Costs	876 986	455 299
Levy - Bargaining Council	32 483	27 245
Levy - Skills Development (SETA)	918 264	724 956
Levy - Water : DWAF	392 183	406 859
Levy-Water Catchmt Man:DWAF	286 925	71 343
Licence Fees	275 335	257 217
Materials and Stores	9 965 665	5 238 399
Mayor's Public Expenses	-	3 153
Public Functions	204 095	112 928
Refuse Tip Site - External	2 175 144	1 710 711
Relief / Charitable Expenses	54 866	79 974
Transfer to Equitable Share	20 865 824	15 757 656
Telephones and Communications	1 720 757	1 643 708
Travelling & Subsistence	323 656	386 548
Water Rural Areas	108 780	153 095
Other	8 680 814	8 042 388
Less:	(1 369 313)	(1 500 592)
Stores handling charges	(684 822)	(520 666)
Vehicle and Equipment Recoveries	(7 830)	(14 204)
Departmental Costs	-	(155 066)
Recoverable Expenditure	(676 662)	(810 656)
	81 417 749	63 359 513

Refer to Notes 36.1, 36.2 and 36.6 for detail regarding the restatement of previous year balance.

34. DISCONTINUED OPERATIONS

The operations of the health services, namely Clinics, Community Services and Prime Health Care, was discontinued during the 2007/08 financial year and transferred to the Provincial Administration Western Cape. The analysis of the profit as disclosed on the Statement of Financial Performance is as follows:

	2009 R	2008 R
Income		
Government subsidies	-	281 758
Insurance claims	-	-
Gains from disposal of property, plant and equipment	-	-
Total income	-	281 758
Less: Expenditure	-	265 146
General expenses	-	162 270
Employee related cost	-	102 876
Repairs and maintenance	-	-
Net surplus from discontinuing operations	-	16 612

The requirements of IFRS 5 have been applied prospectively as allowed by the mentioned Standard.

35. PRIOR YEAR ADJUSTMENTS

35.1 Trade and Other Payables: Other Payables - Applications Card Licences (Refer Note 9)

The payment for Card licence applications was only made to Province in December 2008 after an investigation into the outstanding balance. However, the creditor was transferred to the Expenditure vote during the 2006/07 year and is now reversed.

Balance at 30 June 2007 on 2007/08 financial statements	-
Creditor for "Application Card Licences" created	106 905
Restated balance of Trade Payables: Other Creditors - Applications Card Licences as at 30 June 2007	106 905
Balance at 30 June 2008 on 2007/08 financial statements	-
Creditor for "Application Card Licences" created in 2006/07 financial year	106 905
Restated balance of Trade Payables: Other Creditors - Applications Card Licences as at 30 June 2008	106 905

The Trade Payables and the Accumulated surplus for 2006/07 and 2007/08 is adjusted accordingly.

35.2 Trade and Other Payables: Trade Payables (Refer Note 9)

During the 2007/08 financial year too much provision was made for WCA against the Trade Creditors votes. This additional provision is now being reversed and the 2007/08 Trade Creditors is adjusted accordingly.

Balance at 30 June 2008 on 2007/08 financial statements	6 116 123
Reversal of additional provision for WCA	(6 144)
Restated balance of Trade Creditors as at 30 June 2008	6 109 979

The Trade Payables and the Accumulated surplus for 2007/08 is adjusted accordingly.

35.3 Trade and Other Payables: Other Payables (Refer Note 9) and Other Receivables from Non-exchange transactions: Other (Refer Note 18)

A review on the VAT indicators was done by PriceWaterhouseCoopers during the 2008/09 financial year. The VAT liability is adjusted for the 2006/07 and 2007/08 financial years in accordance with the recommendations from PriceWaterhouseCoopers after the review was completed.

Trade Payables: Other Creditors

Balance at 30 June 2007 on 2007/08 financial statements	-
VAT liability for the 2006/07 financial year	111 664
Restated balance of Trade Payables: Other Creditors - VAT expenditure Claimable as at 30 June 2007	111 664
Balance at 30 June 2008 on 2007/08 financial statements	
VAT liability for the 2006/07 and 2007/08 financial year	212 224
Restated balance of Trade Payables: Other Creditors - VAT expenditure Claimable as at 30 June 2008	212 224

Other Receivables from Non-exchange transactions: Other

Balance at 30 June 2008 on 2007/08 financial statements	82
Debtor classified as Creditor due to VAT liability in 06/07 and 07/08 financial years	(82)
Restated balance of Other Receivables: Other - VAT expenditure Claimable as at 30 June 2008	-

The Trade Payables, Other Receivables from Non-exchange transactions and the Accumulated surplus for 2006/07 and 2007/08 is adjusted accordingly.

		2009 R	2008 R
35.4	Correction of Asset w.r.t overpayment capitalised (Refer Notes 3, 9, 12 and 18)		
	An overpayment was made on a Capital Project during the 2007/08 financial year. This had an influence on the VAT as well. The asset was also capitalised and funded from the CRR for the full amount paid to the specific company.		
	Capital Replacement Reserve (Note 3 and Statement of Changes in Net Assets)		
	Balance at 30 June 2008 on 2007/08 financial statements		101 854 884
	Reversal of Asset Funding from CRR		15 500
	Restated balance of Capital Replacement Reserve as at 30 June 2008		101 870 384
	Property, Plant and Equipment - COST of Infrastructure (Note 12)		
	Balance at 30 June 2008 on 2007/08 financial statements		447 459 166
	Reversal of Asset Capitalised		(15 500)
	Restated balance of PPE - COST of Infrastructure as at 30 June 2008		447 443 666
	Trade Payables - Other Creditors - VAT expenditure Claimable (Note 9)		
	Balance at 30 June 2008 on 2007/08 financial statements		-
	VAT on overpayment on Capital Project		2 170
	Restated balance of Trade Payables: Other Creditors - VAT expenditure Claimable as at 30 June 2008		2 170
	Other Receivables - Other - VE Reticulations Company (Note 18)		
	Balance at 30 June 2008 on 2007/08 financial statements		-
	Raising of Debtor for amount of overpayment		17 670
	Restated balance of Other Receivables: Other - VE Reticulation Company as at 30 June 2008		17 670
	The Capital Replacement Reserve, PPE, Trade Payables, Other Receivables and Accumulated surplus for 2007/08 was adjusted accordingly.		
35.5	Housing Development Fund (Refer Note 2)		
	During the 2007/08 financial year the expenditure for the 2006/07 year on Houses held for resale was again transferred to the Housing Development Fund, which is now being reversed. An amount of R766 671.89 for provision of bad debt was incorrectly debited to the Housing Development Fund in the 2007/08 year. The funds in the HDF was already committed for Houses held for resale and the building of Toilets in Kwa'nonqaba and D'almeida.		
	Balance at 30 June 2008 on 2007/08 financial statements		16 462 910
	Reversal of Duplication of 2006/07 Expenditure on Houses held for resale		(7 239 726)
	Provision of Bad Debt incorrectly debited to HDF		766 672
	Restated balance of Trade Creditors as at 30 June 2008		9 989 856
	The Housing Development Fund and the Accumulated surplus for 2007/08 is adjusted accordingly.		
35.6	Trade and Other Payables: Other Payables - Garnishee orders Wages (Refer Note 9)		
	Payment received from M London for WCA which was put on Garnishee order and a creditor created in June 2005.		
	Balance at 30 June 2007 on 2007/08 financial statements		34 531
	Money received for WCA - M London, payment on creditor created		(32 965)
	Restated balance of Other Payables - Garnishee order Wages as at 30 June 2007		1 565
	Balance at 30 June 2008 on 2007/08 financial statements		34 370
	Money received for WCA - M London, payment on creditor created		(32 965)
	Restated balance of Other Payables - Garnishee order Wages as at 30 June 2008		1 405
	The Trade and Other Payables and the Accumulated surplus for 2006/07 and 2007/08 is adjusted accordingly.		
35.7	Property, Plant and Equipment - Land (Refer Note 12)		
	During the process of comparing the Asset Register with the Valuation Roll, Land was identified which were not previously shown on Asset Register.		
	Change to Notes to Annual Financial Statements:		
	Cost of Land:		
	Balance at 30 June 2008 on 2007/08 financial statements		190 881 063
	First time recognition of Land prior to 2007/08		109 812 100
	Restated balance of Land (PPE) as at 30 June 2008		300 693 163
	The Property, Plant and Equipment and the Accumulated surplus for 2007/08 is adjusted accordingly.		

		2009 R	2008 R
35.8	Property, Plant and Equipment - Buildings (Refer Note 12)		
	During the process of comparing the Asset Register with the Valuation Roll, Land was identified which were not previously shown on Asset Register.		
	Change to Notes to Annual Financial Statements:		
	Cost of Buildings:		
	Balance at 30 June 2008 on 2007/08 financial statements		111 866 816
	First time recognition of Buildings prior to 2007/08		8 744 359
	Restated balance of Cost of Buildings (PPE) as at 30 June 2008		120 611 175
	Accumulated Depreciation of Buildings:		
	Balance at 30 June 2008 on 2007/08 financial statements		24 739 999
	Depreciation for the 2006/07 year		290 676
	Depreciation for the 2007/08 year		291 474
	Restated balance of Accumulated Depreciation of Buildings (PPE) as at 30 June 2008		25 322 149
	Change to Statement of Financial Performance:		
	Depreciation:		
	Balance at 30 June 2008 on 2007/08 financial statements		34 277 274
	Depreciation for the 2007/08 year due to 1st time recognition of Buildings		291 474
	Depreciation for the 2007/08 year due to 1st time recognition of Infrastructure		(11 968 923)
	Restated balance of Depreciation as at 30 June 2008		22 599 825
	The Property, Plant and Equipment, Depreciation and the Accumulated surplus for 2006/07 and 2007/08 is adjusted accordingly.		
35.9	Property, Plant and Equipment - Infrastructure (Refer Note 12)		
	During the process of the unbundling of assets on the Asset Register, Infrastructure assets were identified which were not previously shown on Asset Register.		
	Change to Notes to Annual Financial Statements:		
	Accumulated Depreciation of Infrastructure Assets:		
	Balance at 30 June 2008 on 2007/08 financial statements		137 354 575
	Accounting for Accumulated Depreciation of Infrastructure assets due to unbundling prior to 2007/08		20 572 067
	Accounting for Accumulated Depreciation of Infrastructure assets due to unbundling for 2007/08		(11 965 193)
	Restated balance of Accumulated Depreciation of Infrastructure Assets (PPE) as at 30 June 2008		145 961 449
	Change to Statement of Financial Performance:		
	Depreciation:		
	Balance at 30 June 2008 on 2007/08 financial statements		34 277 274
	Depreciation for the 2007/08 year due to 1st time recognition of Buildings		291 474
	Depreciation for the 2007/08 year due to 1st time recognition of Infrastructure		(11 965 193)
	Restated balance of Depreciation as at 30 June 2008		22 603 555
	The Property, Plant and Equipment and the Accumulated surplus for 2007/08 is adjusted accordingly.		
35.10	Investment Property (Refer Note 14)		
	Investment Properties were identified which were not assets of the municipality and which had incorret values on the Asset Register.		
	Change to Notes to Annual Financial Statements:		
	Implementation of IAS 40 standard:		
	Balance at 30 June 2007 on 2007/08 financial statements		516 879 080
	Decrease in revaluation due to the fact that it was supposed to be impaired previous years		(11 174 500)
	Restated balance of Implementation of IAS 40 standard as at 30 June 2007		505 704 580
	Impairment losses:		
	Balance at 30 June 2007 on 2007/08 financial statements		2 270 000
	Impairment increase due to the fact that it was supposed to be impaired previous years		248 300
	Restated balance of Impairment losses as at 30 June 2007		2 518 300
	Restated balance of Investment Property as at 30 June 2007		503 186 280
	Investment Property Balance:		
	Balance at 30 June 2008 on 2007/08 financial statements		514 609 080
	Corrections on Investment Property in 2006/07 (as per above)		(11 422 800)
	Acquisitions during 07/08 year		31 373
	Restated balance of Implementation of IAS 40 standard as at 30 June 2007		503 217 653
	The Investment Property and the Accumulated surplus for 2006/07 is adjusted accordingly.		

35.11	Property, Plant and Equipment - Other (Refer Note 12)	2009 R	2008 R

During the year a change in the Residual value of Inventory items was adjusted on the Asset Register.

Change to Notes to Annual Financial Statements:

Accumulated Depreciation of Other:		
Balance at 30 June 2008 on 2007/08 financial statements		17 486 259
Change to residual value effect on the years prior to 2007/08		71 972
Change to residual value effect on the 2007/08 year		227 487
Restated balance of Accumulated Depreciation of Other (PPE) as at 30 June 2008		17 785 718

The Property, Plant and Equipment and the Accumulated surplus for 2006/07 and 2007/08 is adjusted accordingly.

36. CHANGE IN ACCOUNTING POLICY

36.1 Reclassification of Actuarial losses (St of Financial Performance and Note 33 - General expenses)

In the 2007/08 Annual Financial Statements the Actuarial losses for the 2007/08 financial year was included under the General expenses note under "Other". In the 2008/09 financial year the Actuarial losses item is included in the Statement of Financial Performance as a separate expenditure item. The 2007/08 financial year amounts for Note 33 - General expenses and the Actuarial losses on the Statement of Financial Performance is therefor adjusted accordingly.

Change to Notes to Annual Financial Statements:

Note 33 - General Expenses - Other		
Balance at 30 June 2008 on 2007/08 Financial Statements		10 753 333
Actuarial losses for 2007/08 year - move to Statement of Financial Performance		(2 710 945)
Restated balance of General Expenses - Other as at 30 June 2008		8 042 388

Change to Statement of Financial Performance:

Actuarial losses		
Balance at 30 June 2008 on 2007/08 Financial Statements		-
Actuarial losses for 2007/08 year		2 710 945
Restated balance of Actuarial losses as at 30 June 2008		2 710 945

36.2 Reclassification of Municipal Charges and Street Lighting (Note 33 - General expenses, Note 22 - Property Rates, Note 23 - Service Charges)

During the 2007/08 financial year the Municipal Charges and Street Lighting items was included under the General expenses note as expenditure and also reflected as an income under the Property Rates and Services Charges notes. These municipal charges should however not be reflected as an income or expenditure. The 2007/08 financial year amounts for the above-mentioned notes is therefor restated accordingly.

Change to Notes to Annual Financial Statements:

Note 33 - General Expenses - Municipal Charges		
Balance at 30 June 2008 on 2007/08 Financial Statements		8 765 379
Municipal Charges moved to Service Charges - Note 22		(8 765 379)
Restated balance of General Expenses - Municipal Charges as at 30 June 2008		-
Note 33 - General Expenses - Street Lighting		
Balance at 30 June 2008 on 2007/08 Financial Statements		1 294 184
Municipal Charges moved to Service Charges - Note 22		(1 294 184)
Restated balance of General Expenses - Street Lighting as at 30 June 2008		-
Note 22 - Property Rates - Commercial		
Balance at 30 June 2008 on 2007/08 Financial Statements		8 519 795
Municipal Charges on Property Rates for 2007/08 year		(199 405)
Restated balance of Property Rates - Commercial as at 30 June 2008		8 320 390
Note 23 - Services Charges		
Sale of electricity		
Balance at 30 June 2008 on 2007/08 Financial Statements		117 957 576
Municipal Charges on Electricity for 2007/08 year		(7 594 939)
Street Lighting charges on Electricity for 2007/08 year		(1 294 184)
Restated balance of Service Charges - Sale of electricity as at 30 June 2008		109 068 453
Sale of water		
Balance at 30 June 2008 on 2007/08 Financial Statements		48 072 460
Municipal Charges on Water for 2007/08 year		(590 921)
Restated balance of Service Charges - Sale of Water as at 30 June 2008		47 481 540
Refuse removal		
Balance at 30 June 2008 on 2007/08 Financial Statements		21 154 147
Municipal Charges on Refuse removal for 2007/08 year		(126 468)
Restated balance of Service Charges - Refuse removal as at 30 June 2008		21 027 679

	2009 R	2008 R
Sewerage & sanitation charges		
Balance at 30 June 2008 on 2007/08 Financial Statements		37 233 000
Municipal Charges on Sewerage & sanitation for 2007/08 year		(253 646)
Restated balance of Service Charges - Sewerage & sanitation as at 30 June 2008		36 979 353
TOTAL Service Charges		
Balance at 30 June 2008 on 2007/08 Financial Statements		224 417 182
Municipal Charges on Service charges for 2007/08 year		(8 565 974)
Street Lighting charges on Service charges for 2007/08 year		(1 294 184)
Restated balance of TOTAL Service Charges as at 30 June 2008		214 557 025

36.3 Reclassification of Short-term Investment Deposits (Note 19 - Investments and 20 - Cash and Cash Equivalents)

In the 2007/08 Annual Financial Statements the Short-term Investment Deposits for the 2007/08 financial year was shown under Note 19 - Investments and on the Statement of Financial Position under Current Assets as Short-term Investment Deposits. In the 2008/09 financial year the Short-term Investment Deposits is included in Note 20 - Cash and Cash Equivalents and shown under Cash and Cash Equivalents under current assets on the Statement of Financial Position. The 2007/08 financial year amounts is therefor adjusted accordingly.

Change to Notes to Annual Financial Statements:		
Note 20 - Cash and Cash Equivalents		
Balance at 30 June 2008 on 2007/08 Financial Statements		7 555 875
Short-term Invesment Deposits for 2007/08 year - Move from Note 19		196 000 000
Restated balance of Actuarial losses as at 30 June 2008		203 555 875
Change to Statement of Financial Position:		
Cash and Cash Equivalents		
Balance at 30 June 2008 on 2007/08 Financial Statements		7 555 875
Short-term Invesment Deposits for 2007/08 year - Move from Note 19		196 000 000
Restated balance of Actuarial losses as at 30 June 2008		203 555 875
Short-term Investment Deposits		
Balance at 30 June 2008 on 2007/08 Financial Statements		196 000 000
Short-term Investment Deposits moved to Cash and Cash Equivalents - Note 20		(196 000 000)
Restated balance of Short-term Investment Deposits as at 30 June 2008		-

36.4 Reclassification of RATES from Receivables from Exchange to Receivables from Non-exchange transactions (Notes 17 and 18)

In accordance with GRAP 9, the Municipality changed its accounting policy on the classification of Rates Debtors as receivables from Non-exchange transactions. The outstanding debtor, as well as the Provision for Impairment is adjusted accordingly.

Change to Notes to Annual Financial Statements:		
Note 17 - Trade and Other Receivables from Exchange Transactions		
Gross Balance:		
Balance at 30 June 2008 on 2007/08 Financial Statements		55 259 808
Movement of Rates Debtors to Non-exchange Transactions		(6 110 068)
Restated balance of Trade and other Receivables from Exchange Transactions as at 30 June 2008		49 149 740
Provision for Impairment:		
Balance at 30 June 2008 on 2007/08 Financial Statements		26 397 980
Movement of Rates Debtors to Non-exchange Transactions		(1 932 164)
Restated balance of Trade and other Receivables from Exchange Transactions as at 30 June 2008		24 465 816
Net Balance:		
Balance at 30 June 2008 on 2007/08 Financial Statements		28 861 827
Movement of Rates Debtors to Non-exchange Transactions		(4 177 904)
Restated balance of Trade and other Receivables from Exchange Transactions as at 30 June 2008		24 683 924
Note 18 - Other Receivables from Non-Exchange Transactions		
Gross Balance:		
Balance at 30 June 2008 on 2007/08 Financial Statements		20 755 139
Movement of Rates Debtors to Non-exchange Transactions		6 110 068
Other corrections done on Other Debtors (see notes 35.3 and 35.4)		17 588
Restated balance of Other Receivables from Non-Exchange Transactions as at 30 June 2008		26 882 794
Provision for Impairment:		
Balance at 30 June 2008 on 2007/08 Financial Statements		2 599 530
Movement of Rates Debtors to Non-exchange Transactions		1 932 164
Restated balance of Other Receivables from Non-Exchange Transactions as at 30 June 2008		4 531 694

	2009	2008
Net Balance:	**R**	**R**
Balance at 30 June 2008 on 2007/08 Financial Statements		18 155 609
Movement of Rates Debtors to Non-exchange Transactions		4 177 904
Other corrections done on Other Debtors (see notes 35.3 and 35.4)		17 588
Restated balance of Other Receivables from Non-Exchange Transactions as at 30 June 2008		22 351 100
Change to Statement of Financial Position:		
Trade and Other Receivables from Exchange Transactions		
Balance at 30 June 2008 on 2007/08 Financial Statements		28 861 827
Movement of Rates Debtors to Non-exchange Transactions		(4 177 904)
Restated balance of Trade and other Receivables from Exchange Transactions as at 30 June 2008		24 683 924
Other Receivables from Non-Exchange Transactions		
Balance at 30 June 2008 on 2007/08 Financial Statements		18 155 609
Movement of Rates Debtors to Non-exchange Transactions		4 177 904
Other corrections done on Other Debtors (see notes 35.3 and 35.4)		17 588
Restated balance of Other Receivables from Non-Exchange Transactions as at 30 June 2008		22 351 100

36.5 Transfer of Reserves to Accumulated Surplus (Notes 3 and Statement of Changes in Net Assets)

Mossel Bay municipality has changed its accounting policy in respect of reserves that was ring-fenced for future use. These reserves were established in accordance with the specimen financial statements issued by National Treasury. Seeing as no standard prescribes the establishment of such reserves, the movements in the Capitalisation, Government Grant and Donations and Public Contributions Reserves is transferred to the Accumulated surplus.

Change to Notes to Annual Financial Statements:	
Note 3 - Capitalisation Reserve	
Balance at 30 June 2008 on 2007/08 Financial Statements	74 438 702
Transfer of movements in Reserve for 06/07 and earlier to Accumulated Surplus	(87 951 500)
Transfer of movements in Reserve for 07/08 year to Accumulated Surplus	13 512 798
Restated balance of Capitalisation Reserve as at 30 June 2008	0
Note 3 - Government Grant Reserve	
Balance at 30 June 2008 on 2007/08 Financial Statements	96 275 155
Transfer of movements in Reserve for 06/07 and earlier to Accumulated Surplus	(84 697 931)
Transfer of movements in Reserve for 07/08 year to Accumulated Surplus	(11 577 224)
Restated balance of Government Grant Reserve as at 30 June 2008	(0)
Note 3 - Donations and Public Contributions Reserve	
Balance at 30 June 2008 on 2007/08 Financial Statements	80 569 053
Transfer of movements in Reserve for 06/07 and earlier to Accumulated Surplus	(83 550 717)
Transfer of movements in Reserve for 07/08 year to Accumulated Surplus	2 981 664
Restated balance of Donations and Public Contributions Reserve as at 30 June 2008	(0)
Change to Statement of Changes in Net Assets:	
Capitalisation Reserve	
Balance at 1 July 2007 on 2007/08 Financial Statements	87 951 500
Transfer of movements in Reserve to Accumulated Surplus	(87 951 500)
Restated balance of Capitalisation Reserve as at 1 July 2007	-
Movement during 2007/08 year	(13 512 798)
Transfer of movements in Reserve for 07/08 year to Accumulated Surplus	13 512 798
Restated balance of Capitalisation Reserve as at 30 June 2008	-
Government Grant Reserve	
Balance at 1 July 2007 on 2007/08 Financial Statements	84 697 931
Transfer of movements in Reserve to Accumulated Surplus	(84 697 931)
Restated balance of Government Grant Reserve as at 1 July 2007	-
Movement during 2007/08 year	11 577 224
Transfer of movements in Reserve for 07/08 year to Accumulated Surplus	(11 577 224)
Restated balance of Government Grant Reserve as at 30 June 2008	-
Donations and Public Contributions Reserve	
Balance at 1 July 2007 on 2007/08 Financial Statements	83 550 717
Transfer of movements in Reserve to Accumulated Surplus	(83 550 717)
Restated balance of Donations and Public Contributions Reserve as at 1 July 2007	-
Movement during 2007/08 year	(2 981 664)
Transfer of movements in Reserve for 07/08 year to Accumulated Surplus	2 981 664
Restated balance of Donations and Public Contributions Reserve as at 30 June 2008	-

		2009 R	2008 R
36.6	**Recognition of Operating Lease Liability (St of Financial Position, Note 33 - General Expenses - Lease Charges and Note 21 - Operating Leases)**		

The Municipality changed its accounting policy with regards to the recognition of Operating Lease Liability.
Operating leases are recognised on the straight-line basis as per the requirement of IAS 17.

Change to Statement of Financial Position:

Operating Lease Liability		
Balance at 30 June 2008 on 2007/08 Financial Statements		-
Operating Lease Liability recognised for 2007/08 year		19 654
Restated balance of Operating Lease Liability as at 30 June 2008		19 654

Change to Notes to Annual Financial Statements:

Note 33 - General Expenses - Lease Charges		
Balance at 30 June 2008 on 2007/08 Financial Statements		701 127
Smoothing of Operating Leases 2007/08		19 654
Restated balance of General Expenses - Lease Charges as at 30 June 2008		760 088

The Accumulated surplus for 2007/08 is adjusted accordingly.

36.7 Recognition of Operating Lease Assets (St of Financial Position, St of Financial Performance and Note 21 - Operating Leases)

The Municipality changed its accounting policy with regards to the recognition of Operating Lease assets.
Operating leases are recognised on the straight-line basis as per the requirement of IAS 17.

Change to Statement of Financial Position:

Operating Lease Assets		
Balance at 30 June 2008 on 2007/08 Financial Statements		-
Operating Lease Assets recognised for year prior to 2007/08		79 673
Operating Lease Assets recognised for 2007/08 year		21 990
Restated balance of Operating Lease Assets as at 30 June 2008		101 663

Change to Statement of Financial Performance:

Rental of facilities and equipment		
Balance at 30 June 2008 on 2007/08 Financial Statements		1 322 650
Smoothing of Operating Leases 2007/08		21 990
Restated balance of Rental of facilities and equipment as at 30 June 2008		1 547 967

The Accumulated surplus for 2006/07 and 2007/08 is adjusted accordingly.

37. CHANGE IN ACCOUNTING ESTIMATES

37.1 Changes in useful lifes occurred during the financial year under review. The impact of the change in useful lifes were as follow:

Depreciation decreased as follows:	
Other assets	(241 395)
Leased assets	-
Intangible assets	(15 564)
Buildings	(41 631)
	(298 590)

Other assets were identified which were fully depreciated in years prior to 2008/2009. These assets current carrying value in the asset register appear as R0, however the following information is available:

	Cost:	Residual values:
Other assets:	6 548 995	902 374
Buildings:	2 350 602	-

38. CASH GENERATED BY OPERATIONS

	2009 R	2008 R
Surplus for the year	44 330 219	55 689 169
Adjustment for:		
Depreciation and Amortisation	23 068 214	22 945 591
Depreciation - Previous year adjustment		
Gain and loss on disposal of property, plant and equipment	261 517	(1 196 604)
Contributions to provisions (non-current)	4 352 940	6 669 091
Contributions to provisions (current)	3 050 806	2 311 805
Actuarial loss	1 410 476	2 710 945
Actuarial gains	(6 625 714)	-
Contributions to bad debt provision	10 910 488	4 535 426
Bad Debts written off	(14 699 448)	(19 350 078)
Investment Income	(27 317 565)	(24 237 203)
Unamortised discounts	(1 296)	(2 711)
Operating Lease Income	(5 444)	(21 990)
Operating Lease Expenses	59 531	19 654
Interest paid	786 935	653 875

		2009	2008
		R	R
	Operating surplus before working capital changes:	**39 581 659**	**50 726 970**
	(Increase) / Decrease in inventories	696 882	1 901 501
	(Increase) / Decrease in receivables from exchange transactions	1 811 948	11 184 039
	(Increase) / Decrease in receivables from non-exchange transactions	(5 151 251)	(6 351 090)
	(Decrease) / Increase in conditional grants & receipts	11 405 830	(9 135 594)
	Increase / (Decrease) in trade payables	18 944 024	3 179 511
	Cash generated by operations	**67 289 093**	**51 505 337**

39. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

	2009	2008
	R	R
Long-term liabilities (see note 4)	4 899 619	4 723 276
Used to finance PPE - at cost	-	-
Sub-total	4 899 619	4 723 276

Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date (See note 20).

40. UNAUTHORISED, IRREGULAR, FRUITLESS & WASTEFUL EXPENDITURE

40.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure		
Opening balance	-	-
Unauthorised expenditure current year	-	-
Approved by council or condoned	-	-
Transfer to receivables for recovery (note 17)	-	-
Unauthorised expenditure awaiting authorisation	-	-

40.2 Fruitless & wasteful expenditure

Reconciliation of fruitless and wasteful expenditure		
Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
To be recovered - contingent asset	-	-
Fruitless and wasteful expenditure awaiting condonement	-	-

40.3 Irregular expenditure

Reconciliation of irregular expenditure		
Opening balance	-	-
Fruitless and wasteful expenditure current year	-	42 488
Recovered	-	(42 488)
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonement	-	-

Incident	Disciplinary steps/criminal proceedings
Cash theft	Employee resigned - SAPS case number MAS60/04/2008

41. ADDITIONAL DISCLOSURES i.t.o THE MFMA

41.1 Contributions to SALGA

Opening balance	-	-
Council subscriptions	487 037	425 003
Amount paid - current year	(487 037)	(425 003)
Amount paid - previous years	-	-
Balance unpaid (included in Trade payables)	-	-

41.2 Audit fees

External Audit Fees		
Opening balance	-	-
Current year audit fee	1 824 286	909 807
Amount paid - current year	(1 824 286)	(909 807)
Amount paid - previous years	-	-
Balance unpaid (included in Trade payables)	-	-
Internal Audit Fees		
Opening balance	-	-
Current year audit fee	539 156	736 220
Amount paid - current year	(539 156)	(736 220)
Amount paid - previous years	-	-
Balance unpaid (included in Trade payables)	-	-

41.3 VAT

VAT inputs receivables and VAT outputs receivables are shown in Note 11.
All VAT returns have been submitted by the due date throughout the year.

41.4 PAYE and UIF

Opening balance	-	-
Current year payroll deductions	14 280 068	11 369 768
Amount paid - current year	(14 280 028)	(11 369 768)
Amount paid - previous years	-	-
Balance unpaid (included in Trade payables)	40	-

41.5 Pension, Provident and medical aid deductions

	2009 R	2008 R
Opening balance	-	-
Current year payroll deductions and council contributions	27 518 895	21 502 483
Amount paid - current year	(27 518 895)	(21 502 483)
Amount paid - previous years	-	-
Balance unpaid (included in Trade payables)	0	-

41.6 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding at 30 June for more than 90 days:

30 June 2009	Total	Outstanding less than 90 days	Outstanding more than 90 days
None			
Total Councillor Arrear Consumer Accounts	-	-	-

30 June 2008	Total	Outstanding less than 90 days	Outstanding more than 90 days
J Booyens	1,697	1,171	526
Total Councillor Arrear Consumer Accounts	1 697	1 171	526

During the year the following councillors had arrear accounts outstanding for more than 90 days:

	Highest Amount Outstanding	Ageing
1 July 2008 to 30 June 2009		
SW Manual	1 015	90+ days
1 July 2007 to 30 June 2008		
J Booyens	756	90+ days

41.7 Non-compliance with Chapter 11 of the MFMA

The following deviations and ratifications of minor breaches of procurement processes are reported to council in terms of Paragraph 36(2) of the SCM Policy:

SERVICE CONTRACTS:

DEPARTMENT	DATE	CONTRACT	DEVIATION
Technical Services	13.08.2008	Appointment of Ninham Shand Consulting Engineers for Wolwedans Petunia paving & Stormwater project. (EPWP contractors were assigned for this projects)	Due to urgency of matter tender procedure not followed although eventual cost might exceed R200 000. Three quotations obtained but transaction cost can only be determined once investigation is completed. Consulting Engineers charge according to fees published in Government Gazette.
Electrotechnical Services	14.08.2008	Appointment of Africon	Africon have completed the asset evaluation exercise for Mossel Bay Municipality and have an intimate knowledge of council's bulk infrastructure and would be able to complete the project within a 2 months time frame.
Municipal Manager / Socio-Economic Development	18.11.2008	Appointment of Sauls & Associates for the LED Implementation Plan of Council	Extension of the existing contract with the service provider, Sauls & Associates for a further three months.
Director Corporate services	18.11.2008	Appointment of Ignite Advisory services for the responsibility of Council's Performance Management process	They have done the SDBIP of Municipality and have complete knowledge of our Council. Performance evaluations of the Section 57 employees as well as their contracts.

CLOSED QUOTATIONS / TENDERS:

MONTH	R0 - R20 000	R20 001 - R50 000	R50 001 - R100 000	R100 001 - R200 000
July 2008	29 321	78 321	90 574	
Aug 2008	179 633	45 076	53 474	143 162
Sep 2008	59 735	43 548		
Oct 2008	89 394	30 565		172 320
Nov 2008	81 085	34 604	50 453	
Dec 2008	174 027			
Jan 2009	92 580	24 532	51 318	
Feb 2009	32 406	88 397	57 912	
Mar 2009	68 091	58 125		
Apr 2009	36 756	24 173	156 932	
May 2009	68 199	102 225		
Jun 2009	122 035	95 156		
Grand Total	**1 033 262**	**624 720**	**460 664**	**315 482**

41.8	LEVIES PAID TO OTHER GOVERNMENT ORGANISATIONS	2009 R	2008 R
41.8.1	Levy Department of Water Affairs and Forestry : Water	392 183	406 859
41.8.2	Levy Department of Water Affairs and Forestry : Water Catchment Management	286 925	71 343
41.8.3	Skills Development Levy	918 264	724 956
41.8.4	Levy Bargaining Council	32 483	27 245

42. CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:		
-approved and contracted for	40 607 120	57 143 601
Infrastructure	32 795 000	43 002 500
Community	150 000	9 331 837
Specialised Vehicles		-
Other	7 662 120	4 809 264
-approved but not yet contracted for	111 849 300	39 994 000
Infrastructure	68 392 500	30 620 000
Community	2 362 000	844 000
Other	41 094 800	530 000
Housing Development Fund	-	8 000 000
Total	152 456 420	97 137 601
This expenditure will be financed from:		
-Finance leases	640 000	1 600 000
-Capital replacement reserve	112 324 820	70 461 257
-Government grants	36 191 600	18 076 344
-Public contributions / donations	3 300 000	3 000 000
-District Council grants	-	-
-Housing Trust Fund	-	4 000 000
	152 456 420	97 137 601

43. RELATED PARTY TRANSACTIONS

Parties are considered to be related if:
- One party has the ability to control the other party or
- Exercise significant influence over the other party in making financial and operating decisions.

43.1 Related Party Transactions	Rates and service charges R	Outstanding balances R
Year ended 30 June 2009		
Councillors	137 231	-
Municipal Manager and Section 57 Personnel	47 455	-
Municipal Entities	-	-
Year ended 30 June 2008		
Councillors	123 995	-
Municipal Manager and Section 57 Personnel	35 275	-
Municipal Entities	-	-

The rates, service charges and other charges are in accordance with approved tariffs that was advertised to the public. No bad debt expenses had been recognised in respect of amounts owed by related parties.

43.2 Related Party Loans

Loans to Councillors and senior management employees are no longer permitted since 1 July 2004. Loans that were granted prior to this date, together with the conditions, are disclosed in note 15 to the Annual Financial Statements.

43.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 27.

43.4 Other related party transactions

The following are awards above R2 000 made either to persons in the service of the state or to spouses, children or parents of anybody in the service of the state.

QUOTATIONS:

QUOTATION	TOTAL AMOUNT FOR 08/09 YEAR	AWARDED TO	RELATION
Construction of new netball court / Repair work to sewerage line	R114 449,50	Marracon (Pty) Ltd	The owners of Marracon (Pty) Ltd are the sons of the Executive Mayor of Mossel Bay Municipality.
Impounding of Vehicles as per closed quotation	R14 550	Steph Peterson Holdings	The wife of Mr Peterson (the owner of Steph Peterson Holdings) is an employee at Mossel Bay Municipality.
Repairs to roof at Van Riebeeck Stadion	R6 900	FC Jackson	The wife of Mr FC Jackson (the owner) is an employee at Mossel Bay Municipality.
Deforestation	R17 205	H Rooiland	The wife of Mr H Rooiland is an employee at Mossel Bay Municipality.
Hire machinery, material & equipment	R9 514,61	Masshire Holdings	Councillor JV Booyens is a Director of Masshire Holdings.

TENDERS:

TENDER	DATE	AWARDED TO	AMOUNT	RELATION
Tender 19/2008: Annual Tender for the delivery and hire of machines and trucks.	10/07/2008	Marracon (Pty) Ltd	Various	The owners of Marracon (Pty) Ltd are the sons of the Executive Mayor of Mossel Bay Municipality.
Tender 20/2008: Annual Tender for the supply and delivery of bricks, sand, gravel and stone.	10/07/2008	Marracon (Pty) Ltd	Various	The owners of Marracon (Pty) Ltd are the sons of the Executive Mayor of Mossel Bay Municipality.
Tender 26/2008: Rehabilitation of Gleniqua drive, Glentana.	12/08/2008	Marracon (Pty) Ltd	R1 327 032,96	The owners of Marracon (Pty) Ltd are the sons of the Executive Mayor of Mossel Bay Municipality.
Tendr 57/2008: Execution of supplementary valuations for the financial years 2008-2009, 2010 and 2010-2011.	02/02/2009	Abathathu Valuers CC	Various	The cousin of the CEO of Abathathu Valuers CC is an employee at Mossel Bay Municipality.
Tender 19/2009: Annual Tender for the delivery and hire of machines and trucks.	15/06/2009	Marracon (Pty) Ltd	Various	The owners of Marracon (Pty) Ltd are the sons of the Executive Mayor of Mossel Bay Municipality.
Tender 20/2009: Annual Tender for the supply and delivery of bricks, sand, gravel and stone.	22/06/2009	Marracon (Pty) Ltd	Various	The owners of Marracon (Pty) Ltd are the sons of the Executive Mayor of Mossel Bay Municipality.

Alderlady M Ferreira (Executive Mayor) do not have any shareholding or interest in Marracon (Pty) Ltd as per the above awards.
The transactions are concluded in full compliance with the Supply Chain Management policy of the Council and the transactions are considered to be at arms length.

44. FINANCIAL RISK MANAGEMENT

Credit risk is defined as the risk that one party to a financial instrument will fail to honour their obligation, thus causing the other party to incur a financial loss.

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest rate changes.

Potential concentrations of credit risk and interest rate risk consist mainly of fixed deposit investments, long term debtors, consumer debtors, other debtors, short term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well established financial institutions of high quality credit standing. The credit exposure to any single counterparty is managed by setting transaction/exposure limits, which are included in the municipality's investment policy. These limits are reviewed annually by the CFO and authorised by the mayoral committee.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt. Outstanding accounts are followed up monthly and the supply of electricity accounts not paid on due date are cut immediately.

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities. The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

The maximum credit and interest rate risk exposure in respect of relevant financial instruments is as follows:	2009	2008
Description of type of financial instrument	**R**	**R**
Long term receivables	3 972 674	5 030 072
Trade and Other Receivables from Exchange transactions	47 337 792	49 149 740
Other Receivables from Non-Exchange transactions	24 407 394	22 351 100
Bank and cash balances	203 013 980	203 555 875
VAT	2 326 786	3 436 067
Maximum credit and interest rate risk exposure	281 058 626	283 522 853

45. FINANCIAL INSTRUMENTS

In accordance with IAS 39.09 the financial assets of the municipality are classified as follows:

SUMMARY OF FINANCIAL ASSETS

Held to maturity:			
Short-term Investment Deposits	Fixed deposits - due within 12 months	203 000 000	196 000 000
Bank Balances		-	7 544 895
Petty cash and advances		13 980	10 980
		203 013 980	203 555 875
Loans and Receivables:			
Long-term Receivables	Car Loans	-	46 881
Long-term Receivables	Study Loans	107 150	172 805
Long-term Receivables	Land Sales Debtors	34 065	41 113
Long-term Receivables	Public Assistance Loans	263 589	312 773
Long-term Receivables	Housing Selling Scheme Loans	3 058 210	3 150 196
Trade and Other Receivables from Exchange transactions	Service debtors	44 039 814	45 418 774
Trade and Other Receivables from Exchange transactions	Debtpack Collections	803 816	989 638
Trade and Other Receivables from Exchange transactions	Land Sales	45 478	85 321
Trade and Other Receivables from Exchange transactions	Housing Instalments	1 169 397	1 285 582
Trade and Other Receivables from Exchange transactions	Housing rentals	296 421	308 552
Trade and Other Receivables from Exchange transactions	Sundry Debtors	982 865	1 061 873
Other Receivables from Non-Exchange transactions	Rates Debtors	6 497 162	6 110 068
Other Receivables from Non-Exchange transactions	Accrued Income	12 979 115	10 514 929
Other Receivables from Non-Exchange transactions	Government subsidies	-	724 894
Other Receivables from Non-Exchange transactions	Other Debtors	12 557 767	9 532 904
Current portion of Long-term Receivables	Car Loans	46 643	45 897
Current portion of Long-term Receivables	Loans Public Organisations	160 957	161 493
Current portion of Long-term Receivables	Land Sales Debtors	642	2 754
Current portion of Long-term Receivables	Housing Selling Scheme Loans	301 418	1 096 160
Operating Lease Assets	Operating Leases	107 108	101 663
Total loans and receivables		83 451 619	81 164 269
Total Financial Assets		286 465 599	284 720 144

SUMMARY OF FINANCIAL LIABILITIES

Long term liabilities	Local registered stock loans	495 527	546 683
Long term liabilities	Annuity loans	80 757	250 798
Long term liabilities	Finance lease liability	2 429 590	1 982 900
Trade and Other Payables	Trade and Other Payables	52 221 282	33 277 258
Bank Overdraft	Bank Overdraft	1 098 895	-
Current portion of long term liabilities	Local registered stock loans	160 957	293 493
Current portion of long term liabilities	Annuity loans	239 973	239 972
Current portion of long term liabilities	Finance lease liability	1 492 814	1 409 430
Provisions	Provisions	5 582 908	3 977 678
VAT	VAT	2 326 786	3 436 067
Consumer Deposits	Consumer Deposits	9 468 865	8 164 883
Operating Lease Liabilities	Operating Leases	79 185	19 654
Total Financial Liabilities		75 677 541	53 598 816

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on financial instruments exposure to interest rates at reporting date. For floating rate instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year.
The basis points increases or decreases, as detailed in the table below, were determined by management and represent management's assessment of the reasonably possible change in interest rates.
A positive number below indicates an increase in surplus. A negative number below indicates a decrease in surplus.
The sensitivity analysis shows reasonable expected change in the interest rate, either an increase or decrease in the interest percentage. The equal but opposite % adjustment to the interest rate would result in an equal but opposite effect on surplus and therefore has not been separately disclosed below.
As the entity does not have any instruments that effect net assets directly, the disclosure only indicates the effect of the change in interest rates on surplus. There were no changes in the methods and assumptions used in preparing the sensitivity analysis from one year to the next.

Increase in interest rates	2009	2008
The estimated increase in basis points	1%	1%
	R	R
Financial Assets	2 864 656	2 847 201
Financial Liabilities	756 775	535 988
Net effect on surplus (Financial Assets minus Financial Liabilities)	2 107 881	2 311 213

46. CONTINGENT LIABILITY

46.1 Contractual disputes

Contractual claims in respect of court cases that are currently in dispute and being addressed through mediation the maximum unforeseen liability is estimated at R5 500 000.

46.2 Guarantees of employees housing loans

Guarantees have been issued to various financial institutions on behalf of officials in respect of housing loans.
This is covered by individual cumulated pensions depending on the years of service. Collateral investments were made in certain cases.
The maximum amount of the guarantees amount to R132 835, and council has a right to recovery.

47. EVENTS AFTER THE REPORTING DATE

There is no events that had happened after reporting date that will have a negative impact on Council's finances.

APPENDICES

Appendix A : Schedule of External Loans

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009

External loans	Loan number	Redeemable	Balance at 30 June 2008	Received during the period	Redeemed written off during the period	Unamortised discount on loans	Balance at 30 June 2009	Carrying value of PPE
STOCK LOANS			R	R	R		R	R
Stock loan @ 8.00%	3/82	2007/12/31	-	-			-	-
Stock loan @ 16.75%	-	2008/12/31	132 000	-	132 000		-	-
Stock loan @ 8.00%	1/84	2008/12/31	183	-	5 000	4 817	-	-
Stock loan @ 12.50%	1/93/94	2009/03/13	41 740	-	41 740		-	-
Stock loan @ 15.00%	1/89/90	2009/12/31	4 704	-		(2 992)	1 712	-
Stock loan @ 14.75%	1/92/93	2009/06/29	42 765	-			42 765	-
Stock loan @ 15.00%	1/97	2012/12/31	10 603	-		(1 694)	8 909	-
Stock loan @ 15.00%	2/97	2012/12/31	5 507	-		(880)	4 627	-
Stock loan @ 15.00%	1/99	2013/12/31	4 165	-		(433)	3 732	-
Stock loan @ 15.00%	2/99	2015/12/31	92 500	-			92 500	-
Stock loan @ 15.00%	2/2000/01	2015/11/01	13 538	-			13 538	-
Stock loan @ 15.00%	1/2000/01	2015/07/20	92 308	-			92 308	-
Stock loan @ 15.00%	4/2000/01	2015/03/01	13 847	-			13 847	-
Stock loan @ 15.00%	1/2001/02	2016/10/01	178 462	-			178 462	-
Stock loan @ 15.00%	2/2001/02	2016/10/01	36 924	-			36 924	-
Stock loan @ 15.00%	1/2002/03	2018/03/07	61 539	-			61 539	-
Stock loan @ 12.00%	2/2003/04	2018/10/31	30 714	-			30 714	-
Stock loan @ 12.00%	1/2003/04	2018/09/18	78 676	-		(3 770)	74 907	-
Total long-term loans			**840 175**	**-**	**178 740**	**(4 952)**	**656 484**	**-**
ANNUITY LOANS								
Eden District Municipality @ 0.00%	-	2009/08/31	267 436	-	162 933	38 110	142 612	-
Eden District Municipality @ 0.00%	-	2012/02/28	223 334	-	77 039	31 824	178 119	-
Total annuity loans			**490 770**	**-**	**239 972**	**69 933**	**320 731**	**-**
FINANCE LEASES								
Rentworks Africa			264 692	1 811 113	496 941		1 578 864	1 523 141
Fleet Africa			2 998 010		746 179		2 251 830	1 730 839
Nashua			129 630	27 831	65 750		91 710	73 523
Total finance leases			**3 392 331**	**1 838 944**	**1 308 870**	**-**	**3 922 404**	**3 327 503**
TOTAL EXTERNAL LOANS			**4 723 276**	**1 838 944**	**1 727 583**	**64 981**	**4 899 619**	**3 327 503**

Appendix B : Analysis of PPE

ANALYSIS OF PPE AS AT 30 JUNE 2008

	Cost/revaluation					Accumulated depreciation							
	Opening balance	Under construction	Additions	Disposals	Closing balance	Opening balance	Additions	Impairment losses	Disposals	Change in Useful lives	Closing balance	Carrying value	Budget additions
Land & Buildings													
Land	300 693 163		-	-	300 693 163	-					-	300 693 163	
Buildings	120 611 175		3 915 698	79 665	124 447 208	25 322 149	4 136 085		18 810	(41 631)	29 397 794	95 049 414	
	421 304 338	-	3 915 698	79 665	425 140 371	25 322 149	4 136 085	-	18 810	(41 631)	29 397 794	395 742 576	-
Infrastructure													
Drains	-	30 726 955	-		30 726 955	-	-				-	30 726 955	
Roads	107 745 518	6 572 843	16 135 865		130 454 226	40 967 675	2 710 232				43 677 907	86 776 319	
Beach improvements	-	-	-		-	-	-				-	-	
Sewerage mains & Purif	79 422 825	8 038 066	9 904 870		97 365 761	29 572 504	2 481 782				32 054 286	65 311 475	
Electricity mains	95 346 785	722 518	11 597 482		107 666 785	35 104 813	2 299 974				37 404 788	70 261 997	
Electricity peak load equipment	943 601	9 499 769	8 521 908		18 965 278	5 528	158 554				164 082	18 801 196	
Water mains & purification	17 893 438	40 167 106	-		58 060 544	6 385 150	646 889				7 032 038	51 028 505	
Reservoirs - water	45 786 757	-	-		45 786 757	13 565 222	761 900				14 327 122	31 459 635	
Water meters	-	-	-		-	-	-				-	-	
Water mains	44 444 479	862 022	-		45 306 500	20 360 557	734 485				21 095 043	24 211 458	
	391 583 403	96 589 278	46 160 125	-	534 332 806	145 961 449	9 793 816	-	-	-	155 755 265	378 577 541	-
Community assets													
Parks & gardens	2 618 134		718 604		3 336 738	634 636	149 025				783 661	2 553 077	
Libraries	3 273 141		-		3 273 141	704 680	109 105				813 784	2 459 356	
Recreation grounds	12 058 475		190 913		12 249 388	2 374 275	570 519				2 944 794	9 304 594	
Civic buildings	52 120 301		3 500		52 123 801	8 845 449	1 730 440				10 575 889	41 547 912	
	70 070 051	-	913 017	-	70 983 068	12 559 039	2 559 089	-	-	-	15 118 128	55 864 939	-
Heritage assets													
Historical buildings	-	-	-	-	-	-	-		-	-	-	-	-
Painting & art galleries	-	-	-	-	-	-	-		-	-	-	-	-
	-	-	-	-	-	-	-		-	-	-	-	-
Total carried forward	882 957 792	96 589 278	50 988 840	79 665	1030 456 244	183 842 638	16 488 990	-	18 810	(41 631)	200 271 188	830 185 056	-

Appendix B : Analysis of PPE (continues)

ANALYSIS OF PPE AS AT 30 JUNE 2008

	Cost/revaluation					Accumulated depreciation							
	Opening balance	Under construction	Additions	Disposals	Closing balance	Opening balance	Additions	Impairment losses	Disposals	Change in Useful lives	Closing balance	Carrying value	Budget additions
Total brought forward	882 957 792	96 589 278	50 988 840	79 665	1030 456 244	183 842 638	16 488 990	-	18 810	(41 631)	200 271 188	830 185 056	-
Housing rental stock													
Housing rental 1	-	-	-	-	-	-	-		-		-	-	-
Housing rental 2	-	-	-	-	-	-	-		-		-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Leased assets (Infrastructure)													
Leased assets (Infrastructure)	4 774 968		1 838 944	1 011 044	5 602 868	2 046 180	1 235 588		1 011 043		2 270 725	3 332 143	-
	4 774 968	-	1 838 944	1 011 044	5 602 868	2 046 180	1 235 588	-	1 011 043	-	2 270 725	3 332 143	-
Other assets													
Landfill sites	-				-	-	-	-	-		-	-	
Office equipment	24 078 668		4 148 789	606 184	27 621 273	8 251 520	3 625 884		425 381	(169 619)	11 282 405	16 338 868	
Furniture & fittings	835 657		175 195	46 229	964 622	341 929	177 938		8 055	(20 500)	491 312	473 310	
Bins & containers	282 863		-	-	282 863	129 708	37 702		-	(4 784)	162 627	120 236	
Emergency equipment	30 000		-	-	30 000	30 000	-		-	-	30 000	-	
Motor vehicles	9 577 887		2 646 322	508 040	11 716 169	4 505 495	1 118 790		366 665	(23 787)	5 233 832	6 482 337	
Fire engines	2 455 019		-	-	2 455 019	583 223	158 946		-	-	742 170	1 712 850	
Refuse tankers	1 220 660		-	-	1 220 660	497 218	148 894		-	(3 400)	642 712	577 948	
Computer equipment	1 476 402		115 031	152 322	1 439 112	801 387	203 967		61 721	(19 305)	924 328	514 784	
Council regalia	1 980		-	-	1 980	139	69				208	1 772	
Conservancy tankers	-				-	-					-	-	
Watercraft	-				-	-					-	-	
	39 959 136	-	7 085 338	1 312 775	45 731 699	15 140 620	5 472 191	-	861 822	(241 395)	19 509 593	26 222 105	-
Non PPE													
Investment Properties	505 735 953			60 000	505 675 953	2 518 300	-				2 518 300	503 157 653	-
Intangible Assets	1 171 104				1 171 104	574 652	170 036			(15 564)	729 124	441 980	
Agricultural Assets	-				-	-					-	-	
	506 907 057	-	-	60 000	506 847 057	3 092 952	170 036	-	-	(15 564)	3 247 424	503 599 633	-
Total	1434 598 952	96 589 278	59 913 121	2 463 484	1588 637 868	204 122 390	23 366 804	-	1 891 674	(298 590)	225 298 930	1363 338 938	-

Appendix C : Segmental analysis of PPE

SEGMENTAL ANALYSIS OF PPE
30 JUNE 2008

	Cost					Accumulated depreciation							
									Disposals				
	Opening balance	Under construction	Additions	Disposals	Closing balance	Opening balance	Additions	Impairment losses	Depreciation	Impairment losses	Change in Useful lives	Closing balance	Carrying value
Municipal Manager	3 227 054	-	145 359	146 519	3 225 893	1 325 059	306 850		106 596		(50 431)	1 474 882	1 751 011
Manager Financial Services	3 090 378	-	917 007	466 259	3 541 126	1 394 612	625 425		395 798		(4 385)	1 619 853	1 921 273
Manager Technical Services	1 350 550	-	341 533	107 673	1 584 409	598 280	296 538		102 397		(5 645)	786 776	797 633
Electricity - Administration	2 086 674	-	71 979	188 726	1 969 926	1 035 300	251 379		119 626		(3 897)	1 163 156	806 770
Electricity - Distribution	101 561 595	10 222 287	13 215 148	34 704	124 964 325	35 692 813	3 017 061		27 454		(4 525)	38 677 895	86 286 430
Manager Corporate Services	947 783 595	-	1 515 014	647 586	948 651 022	26 221 981	5 310 544		533 516		(88 531)	30 910 478	917 740 544
Sewerage	81 348 975	8 038 066	10 580 666	158 477	99 809 230	30 416 234	2 767 126		117 420		(6 767)	33 059 174	66 750 056
Streets and Stormwater	113 002 008	37 299 798	16 995 661	159 634	167 137 833	42 919 106	3 257 975		136 297		(2 027)	46 038 757	121 099 076
Water	118 546 213	41 029 127	8 899 400	84 612	168 390 128	42 786 638	3 258 861		60 463		(12 662)	45 972 372	122 417 756
Cleansing Services	5 824 815	-	60 936	13 092	5 872 659	2 546 108	484 135		12 012		(21 590)	2 996 642	2 876 017
Health Services	2 855 660	-	-	-	2 855 660	822 438	94 855		-		-	917 293	1 938 367
Parks, Recreation and Sport Grounds	16 483 644	-	2 662 229	91 112	19 054 761	4 386 955	1 137 332		54 598		(30 290)	5 439 400	13 615 361
Beaches, C/ Park and Chalets	20 238 916	-	551 894	145 734	20 645 075	9 698 525	836 917		67 946		(3 883)	10 463 614	10 181 462
Fire Services	5 103 844	-	870 966	46 282	5 928 529	2 046 957	524 335		23 123		(7 232)	2 540 937	3 387 592
Public Safety	3 665 024	-	690 771	108 814	4 246 982	917 580	524 661		74 799		(34 578)	1 332 864	2 914 117
Manager Community Services	8 430 008	-	2 366 728	64 258	10 732 477	1 313 802	672 811		59 628		(22 149)	1 904 836	8 827 641
TOTAL	1434 598 952	96 589 278	59 885 290	2 463 484	1588 610 037	204 122 390	23 366 804	-	1 891 674	-	(298 590)	225 298 930	1363 311 107

Appendix D : Segmental analysis of Statement of Financial Performance (Mun Dept classification)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

MUNICIPAL DEPARTMENT CLASSIFICATION

2008	2008	2008		2009	2009	2009
Actual income	**Actual expenditure**	**Surplus/ (deficit)**	**SEGMENT**	**Actual income**	**Actual expenditure**	**Surplus/ (deficit)**
R	**R**	**R**		**R**	**R**	**R**
37 325 530	42 049 945	(4 724 415)	Municipal Manager	38 515 072	34 404 855	4 110 217
719 142	9 974 686	(9 255 544)	Manager Corporate Services	616 608	8 942 378	(8 325 770)
22 118	1 976 646	(1 954 528)	Socio Economic Plan and Dev	210 891	2 129 928	(1 919 037)
1 296 299	3 646 054	(2 349 756)	Land and Buildings	1 399 388	5 537 559	(4 138 171)
453 388	3 450 009	(2 996 622)	Libraries	621 948	4 437 127	(3 815 179)
44 536 170	11 152 289	33 383 880	Manager Financial Services	49 448 927	8 880 781	40 568 146
6 220 141	4 241 281	1 978 860	Manager Technical Services	3 038 389	4 445 003	(1 406 614)
126 821 221	85 923 749	40 897 472	Electricity	155 443 099	124 887 462	30 555 637
8 294 003	29 344 428	(21 050 425)	Streets	19 873 581	27 990 267	(8 116 686)
50 179 875	29 637 861	20 542 014	Sewerage	58 569 679	36 513 085	22 056 594
66 254 731	46 234 306	20 020 425	Water	68 969 301	53 032 215	15 937 086
886 562	2 192 741	(1 306 179)	Manager Community Services	361 924	3 442 224	(3 080 300)
5 373 899	6 660 261	(1 286 363)	Caravan Parks and Chalets	6 545 254	7 320 842	(775 588)
87 381	522 171	(434 791)	Cemeteries	105 117	606 250	(501 133)
27 556 505	26 726 266	830 240	Cleansing	29 126 233	30 149 498	(1 023 264)
12 579 926	15 066 062	(2 486 136)	Housing	18 787 586	17 346 613	1 440 973
7 185 683	18 628 940	(11 443 257)	Public Safety and Rescue Services	9 320 083	22 807 765	(13 487 681)
294 926	13 390 198	(13 095 272)	Parks and Recreation	158 363	22 538 061	(22 379 698)
396 087 500	**350 817 893**	**45 269 606**	Sub Total	**461 111 445**	**415 411 913**	**45 699 532**
281 758	420 212	(138 454)	Health (Discontinued operations)	-	-	-
396 369 258	351 238 106	45 131 152		461 111 445	415 411 913	45 699 532
	(1 345 526)	1 345 526	Less inter-dep charges		(1 369 313)	1 369 313
396 369 258	**352 583 632**	**43 785 626**	**Total**	**461 111 445**	**416 781 226**	**44 330 219**

Appendix D : Segmental analysis of Statement of Financial Performance (GFS classification)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

GFS CLASSIFICATION

2008	2008	2008		2009	2009	2009
Actual income	**Actual expenditure**	**Surplus/ (deficit)**	**SEGMENT**	**Actual income**	**Actual expenditure**	**Surplus/ (deficit)**
R	**R**	**R**		**R**	**R**	**R**
1 427 330	6 164 921	(4 737 591)	Community & Social Services	1 088 990	8 485 601	(7 396 612)
126 821 221	85 923 749	40 897 472	Electricity	155 443 099	124 887 462	30 555 637
37 325 530	42 049 945	(4 724 415)	Executive & Council	38 515 072	34 403 479	4 111 593
45 255 312	21 203 983	24 051 329	Finance & Admin	50 065 535	15 746 313	34 319 222
12 579 926	15 066 062	(2 486 136)	Housing	18 787 586	17 346 613	1 440 973
-	-	-	Other	-	1 376	(1 376)
7 538 558	9 786 974	(2 248 416)	Planning and Development	4 648 668	14 189 336	(9 540 668)
7 185 683	18 628 940	(11 443 257)	Public Safety	9 320 083	22 807 765	(13 487 681)
1 292 296	25 706 616	(24 414 320)	Road Transport	8 176 954	24 376 898	(16 199 944)
5 668 825	20 050 459	(14 381 634)	Sport and Recreation	6 702 310	29 858 903	(23 156 593)
27 556 505	26 726 266	830 240	Waste Management	29 127 540	30 149 498	(1 021 958)
57 181 582	33 275 673	23 905 909	Waste Water Management	70 266 306	40 126 454	30 139 852
66 254 731	46 234 306	20 020 425	Water	68 969 301	53 032 215	15 937 086
396 087 500	**350 817 893**	**45 269 606**	Sub Total	**461 111 445**	**415 411 913**	**45 699 532**
281 758	420 212	(138 454)	Health (Discontinued operations)	-	-	-
396 369 258	351 238 106	45 131 152		461 111 445	415 411 913	45 699 532
	(1 345 526)	1 345 526	Less inter-dep charges		(1 369 313)	1 369 313
396 369 258	**352 583 632**	**43 785 626**	**Total**	**461 111 445**	**416 781 226**	**44 330 219**

Appendix E (1) : Actual VS Budget (Revenue + Expenditure)

ACTUAL VERSUS BUDGET (REVENUE & EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009

REVENUE	2009 Actual (R)	2009 Budget (R)	2009 Variance (R)	2009 Variance (%)	Explanation of significant variance greater than 10% versus budget
Property rates	44 142 322	44 749 827	(607 505)	-1.4%	
Property rates - penalties imposed & collection charges	2 083 719	2 212 540	(128 821)	-5.8%	
Service charges	254 888 753	253 332 606	1 556 147	0.6%	
Rental of facilities & equipment	1 645 265	1 741 264	(95 999)	-5.5%	
Interest earned - external investments	26 903 645	22 856 167	4 047 478	17.7%	Due to a more favourable cash flow and grants received for Flood Damages more interest were received for the year.
Interest earned - unamortised discount	1 296	1 296	(0)	0.0%	
Interest earned - outstanding debtors	413 920	448 794	(34 874)	-7.8%	
Fines	4 910 305	4 076 208	834 097	20.5%	Provision was made for Accrued income on unpaid Traffic Fines as at 30 June 2009 to the amount of R575 000 which was not taken into consideration in the Adjustment Budget for the year.
Licences and permits	4 241 681	4 062 321	179 360	4.4%	
Government grants and subsidies	70 981 263	81 052 058	(10 070 795)	-12.4%	Housing Topstructures: Not all funding received from Housing Dept as was budgeted for. Funding from Petro SA for Rehabilitation of River Mouths and Deforestation not realised
Other income	29 461 596	53 759 367	(24 297 771)	-45.2%	Contributions from Land Sales and External Services did not realise, due to the fact that several properties were sold but the money will only be received after registration in the deeds office and signing of contract. The budgeted contributions for R13,9 million from the Accumulated Surplus was not necessary seeing as the municipality had an operating surplus for the 2008/09 year.
Public contributions, donated/contributed PPE	2 574 513	4 029 183	(1 454 670)	-36.1%	Connection Fees budget not realised, because of the change in economic climate. Fewer houses were build and therefor had less income for connection of electricity and water.
Total Revenue	**442 248 278**	**472 321 631**	**(30 073 353)**	**-6.4%**	
EXPENDITURE					
Employee-related costs	127 745 752	126 582 406	1 163 346	0.9%	
Remuneration of Councillors	5 427 079	5 477 654	(50 575)	-0.9%	
Bad debts	11 504 988	18 604 033	(7 099 045)	-38.2%	The municipality has written off bad debts to the amount of R14,7m during the 2008/09 year, which contributed to the actual bad debt provision being less than the budget.
Collection costs	3 858 770	4 795 350	(936 580)	-19.5%	Due to the fact that Bad debt to the amount of R14,7m was written off during the year, the use of contractors to collect these funds was reduced.
Depreciation	22 913 742	7 571 387	15 342 355	202.6%	Included in the budget amount is the offsetting of depreciation which are not subtracted from the actual depreciation anymore, due to a change in accounting policy. (Also refer to note 36 - Change in Accounting Policy)
Amortisation - Intangible Assets	154 471	170 037	(15 566)	-9.2%	
Repairs and maintenance	34 032 658	39 489 627	(5 456 969)	-13.8%	Due to the fact that the funding from Petro SA for Rehabilitation of River mouths (R2m) and Deforestation (R2,5m) did not realise, the expenditure could not take place. Petro SA will manage these projects themselves. The municipality also replaced a lot of its computers (finance lease) during the year and therefor was not necessary to do as much repairs.
Interest paid	786 935	436 374	350 561	80.3%	Finance leases was previously capatalised without VAT and must be VAT inclusive. The correction of the interest had an effect on the overspending.
Bulk purchases	92 789 002	88 212 000	4 577 002	5.2%	
Contracted services	19 230 387	20 785 413	(1 555 026)	-7.5%	
Grants and subsidies paid	3 010 247	3 373 341	(363 094)	-10.8%	An amount of R550 000 was budgeted for Public Donations, only R285 733 was spent. This is due to the fact that not all applications qualified in accordance with the stipulations of the MFMA. An amount of R39 million was budgeted for the transfers for Capital Grants, Land Sales and Ext. services to the reserves, which did not realise due to a change in accounting policy regarding the Reserves. (Also refer to note 36 - Change in Accounting Policy). An amount of R27,4 million was provided for a contribution to the CRR in the budget, which was transferred through the Statement of Changes in Net Assets and not as a direct contribution.
General expenses - other	81 417 749	155 609 074	(74 191 325)	-47.7%	An amount of R8 million for Housing topstructure was not received from the Housing Department and the expenditure could therefor not realise.
Total Expenditure	**402 871 779**	**471 106 696**	**(68 234 917)**	**-14.5%**	
Gain on disposal of Property, Plant & Equipment	**125 766**	**84 959**	40 807	48.0%	
Loss on disposal of Property, Plant & Equipment	**(387 283)**	**(420 159)**	32 876	-7.8%	
Surplus for the year from discontinued operations	-	-	-		
NET SURPLUS/(DEFICIT) FOR THE YEAR	**39 114 982**	**879 735**	**38 235 247**	**4346.2%**	

Appendix E (2) : Actual VS Budget (Acquisition of PPE)

ACTUAL VERSUS BUDGET (ACQUISITION OF PPE) FOR THE YEAR ENDED 30 JUNE 2008							
	2008 Actual R	2008 Total Additions R	2008 Under construction R	2008 Budget R	2008 Variance R	2008 Variance %	Explanation of significant variances greater than 5% versus budget
Land and Buildings							
Land	-	-	-		-		
Buildings	3 915 698	3 915 698	-	4 513 151	597 453	13.24%	
	3 915 698	3 915 698	-	4 513 151	597 453	13.24%	
Infrastructure							
Drains	30 726 955	-	30 726 955	18 758 153	(11 968 802)	-63.81%	Included in the amount for Under Construction of R96,6 million for
Roads	22 708 708	16 135 865	6 572 843	16 637 168	(6 071 540)	-36.49%	infrastructure assets is an amount of R41,6 million which is roll-over
Beach improvements	-	-	-		-		projects from the previous years which is still under construction.
Sewerage Mains & Purif	17 942 936	9 904 870	8 038 066	12 739 048	(5 203 888)	-40.85%	
Electricity Mains	12 319 999	11 597 482	722 518	12 320 000	1	0.00%	
Electricity peak load equip	18 021 677	8 521 908	9 499 769	14 225 110	(3 796 567)	-26.69%	
Water mains & purification	40 167 106	-	40 167 106	18 350 360	(21 816 746)	-118.89%	
Reservoirs - Water	-	-	-		-		
Water meters	-	-	-		-		
Water mains	862 022	-	862 022		(862 022)		
	142 749 403	46 160 125	96 589 278	93 029 839	(49 719 564)	-53.44%	
Community Assets							
Parks & Gardens	718 604	718 604	-	952 310	233 706	24.54%	Tender amount for Truck and Trailer was lower than was budgeted for.
Libraries	-	-	-		-		
Recreation grounds	190 913	190 913	-	232 380	41 467	17.84%	
Civic buildings	3 500	3 500	-	3 500	-	0.00%	
	913 017	913 017	-	1 188 190	275 173	23.16%	
Heritage assets							
Historical buildings	-	-	-		-		
Painting & art galleries	-	-	-		-		
	-	-	-	-	-		
Total carried forward	147 578 118	50 988 840	96 589 278	98 731 180	(48 846 938)	-49.47%	

Appendix E (2) : Actual VS Budget (Acquisition of PPE) continued

ACTUAL VERSUS BUDGET (ACQUISITION OF PPE) FOR THE YEAR ENDED 30 JUNE 2008							
	2008 Actual R	2008 Total Additions R	2008 Under construction R	2008 Budget R	2008 Variance R	2008 Variance %	Explanation of significant variances greater than 5% versus budget
Total brought forward	147 578 118	50 988 840	96 589 278	98 731 180	(48 846 938)	-49.47%	
Housing rental stock							
Housing rental 1	-	-	-		-		
Housing rental 2	-	-	-		-		
	-	-	-	-	-		
Leased assets (Infrastructure)							
Leased assets (Infrastructure)	1 838 944	1 838 944	-	1 454 373	(384 571)	-26.44%	Finance leases was previously capatalised without VAT and must be VAT inclusive. The budgeted amount did not include the VAT portion to be capitalised.
	1 838 944	1 838 944	-	1 454 373	(384 571)	-26.44%	
Other assets							
Landfill sites	-		-		-		
Office equipment	4 148 789	4 148 789	-	4 320 509	171 720	3.97%	
Furniture & fittings	175 195	175 195	-	175 195	0	0.00%	
Bins & containers	-	-	-		-		
Emergency equipment	-	-	-		-		
Motor vehicles	2 646 322	2 646 322	-	2 646 657	335	0.01%	
Fire engines	-	-	-		-		
Refuse tankers	-	-	-		-		
Computer equipment	115 031	115 031	-	119 100	4 069	3.42%	
Councillors regalia	-	-	-		-		
Conservancy tankers	-	-	-		-		
Watercraft	-	-	-		-		
	7 085 338	7 085 338	-	7 261 461	176 123	2.43%	
Non PPE							
Investment Properties	-	-	-		-		
Intangible Assets	-	-	-		-		
Agricultural Assets	-	-	-		-		
	-	-	-	-	-		
Total	156 502 400	59 913 121	96 589 278	107 447 014	(49 055 386)	-45.66%	

Appendix F : Disclosure of Grants and Subsidies (According to Section 123 of MFMA)

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 GRANTS AND SUBSIDIES RECEIVED												
Name of Grant	Name of Organ of State or Municipal Entity	Opening Balance	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed/withheld	Total
			Sept	Dec	March	June	Sept	Dec	March	June	June	
ALL GRANTS												
EQUITABLE SHARE	NATIONAL	-	7,059,309	7,706,290	8,824,137	-	5,685,678	9,577,089	5,557,603	2,769,367	-	**0**
FINANCE MANAGEMENT GRANT	NATIONAL	469,139	500,000	-	-	-	342,961	-	11,086	360,724	-	**254,369**
MUNICIPAL SYSTEMS IMPROVEMENT GRANT	NATIONAL	380,425	400,000	-	-	-	-	-	-	715,646	-	**64,779**
MUNICIPAL INFRASTRUCTURE GRANT	NATIONAL	243,674	1,310,658	2,821,298	9,025,500	15,664,545	167,813	3,973,740	7,847,765	10,344,287	-	**6,732,070**
INTEGRATED HOUSING AND HUMAN SETTLEMENT & DEVELOPMENT GRANT	Department of Housing	1,292,214	-	1,632,597	10,804,164	6,090,250	7,982	2,526,387	284,620	11,630,751	-	**5,369,485**
MAINTENANCE OF PROCLAIMED ROADS	PAWC	-	-	-	-	810,860	-	810,860	-	-	-	**-**
LIBRARY SERVICES	PAWC - Culture Affairs & Sport	-	125,326	125,326	250,651	-	153,833	159,677	133,949	53,844	-	**0**
DROUGHT RELIEF GRANT	Department of Water Affairs and Forestry	-	2,828,000	-	-	-	5,717	547,976	760,083	1,514,223	-	**-**
MULTI-PURPOSE CENTRE	Department of Social Development	-	-	-	1,500,000	-	-	-	-	-	-	**1,500,000**
LGWSETA SKILLS DEVELOPMENT	LGWSETA	409,357	97,125	-	354,471	-	49,619	99,320	38,327	418,561	-	**255,126**
SPATIAL PLANNING	PAWC	50,448	-	-	-	-	-	-	31,000	19,448	-	**(0)**
MASIBAMBANI PROJECT	NATIONAL	-	175,000	-	196,000	-	6,805	4,978	15,594	264,016	-	**79,607**
PUBLIC CONTRIBUTIONS AND OTHER SUBSIDIES		70,233	157,761	422,401	20,000	76,188	493,653	17,318	48,212	121,514	-	**65,885**
TOTAL GRANTS		**2,915,491**	**12,653,178**	**12,707,912**	**30,974,924**	**22,641,842**	**6,914,060**	**17,717,345**	**14,728,240**	**28,212,382**	**-**	**14,321,321**

Appendix F : Disclosure of Grants and Subsidies (According to Section 123 of MFMA) continued

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 GRANTS AND SUBSIDIES RECEIVED												
Name of Project	Name of Organ of State or Municipal Entity	Opening Balance	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed/withheld	Total
			Sept	Dec	March	June	Sept	Dec	March	June	June	
CAPITAL GRANTS												
GLENTANA DRIVE STORM WATER	MIG	24,339			1,400,000	5,694,241			560,581	2,998,710		**3,559,290**
SONSKYNVALLEI CRECHE	Garden Route Casino		64,474				64,474					**-**
AZIZANI/ZINYOKA INFRASTRUCTURE	Department of Housing			490,209		275,996	7,011	169,779	15,984	106,400		**467,031**
AZIZANI/ZINYOKA BULK SEWERAGE SYSTEM	MIG	219,335	113,158	1,146,298	920,000	506,544	167,813	1,143,473	1,594,049	-		**-**
NEW KERBS WOLWEDANS	MIG		195,000		1,155,000	870,020		489,257	466,772	1,263,991		**-**
NEW KERBS KWANONQABA	MIG		1,002,500	1,675,000	550,500	264,735		430,996	2,819,173	242,566		**0**
NEW RESERVOIR - HERBERTSDALE	Department of Water Affairs and Forestry		2,828,000				5,717	547,976	760,083	1,514,223		**-**
POWERTOWN EHS	Department of Housing			1,093,055		550,462		898,692	74,414	485,419		**184,993**
GABIONS & PARKING RIVER MOUTH	MIG					1,352,310				52,310		**1,300,000**
STORMWATER : HOOGEKRAAL PROJECT	MIG				5,000,000	4,336,000		1,910,014	2,407,190	3,818,796		**1,200,000**
MULTI-PURPOSE CENTRE - KWANONQABA	Department of Social Development				1,500,000							**1,500,000**
GREENHAVEN : NEW ROADS : MARIGOLD STREET	MIG					1,317,222				644,442		**672,780**
TAR ARCOTIS VYGIE STREET	MIG					873,473				873,473		**-**
NEW NETWORK PIPELINES MASTER PLAN	MIG					450,000				450,000		**-**
P. GIANI - NEW CONNECTION	Public Contributions		63,578				59,203			4,375		**(0)**
SOUTH CAPE COLLEGE - NEW WATER CONNECTION	Public Contributions			43,308					37,659	5,649		**-**
TOTAL CAPITAL GRANTS		**243,674**	**4,266,710**	**4,447,870**	**10,525,500**	**16,491,003**	**304,217**	**5,590,187**	**8,735,905**	**12,460,353**	**-**	**8,884,094**

Appendix F : Disclosure of Grants and Subsidies (According to Section 123 of MFMA) continued

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003
GRANTS AND SUBSIDIES RECEIVED

Name of Project	Name of Organ of State or Municipal Entity	Opening Balance	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed/withheld	Total
			Sept	Dec	March	June	Sept	Dec	March	June	June	
OPERATIONAL GRANTS												
KWA/ELANGENI - PHP PROJECT (TOPSTRUCTURES)	Department of Housing	1,255,779			10,775,544			1,452,905	132,725	7,218,547		**3,227,146**
GBR/WOLWEDANS PROJECT (TOPSTRUCTURES)	Department of Housing			49,333		5,236,792			49,333	3,773,125		**1,463,667**
LGWSETA SKILLS DEVELOPMENT	SETA	409,357	97,125		354,471		49,619	99,320	38,327	418,561		**255,126**
FINANCE MANAGEMENT GRANT	NATIONAL	469,139	500,000				342,961		11,086	360,724		**254,369**
EQUITABLE SHARE - ALL	NATIONAL		7,059,309	5,294,482	8,824,137		5,685,678	7,165,281	5,557,603	2,769,367		**0**
ADDITIONAL EQUITABLE SHARE - ELECTRICITY BULK PURCHASES	NATIONAL			2,411,808				2,411,808				-
RELIEF CHARITABLE FUND	Public Contribution	32,351	1,000	52,400	20,000	15,000	3,370	14,292	5,766	31,438		**65,885**
SUBSIDY NEWS LETTERS - M-Bay	PAWC - Culture Affairs & Sport					2,388	781	1,129	478			**(0)**
SUBSIDY NEWS LETTERS - D'Almeida	PAWC - Culture Affairs & Sport					2,453	473	432		1,549		-
SUBSIDY NEWS LETTERS - G/Brak	PAWC - Culture Affairs & Sport					760			760			-
SUBSIDY NEWS LETTERS - Greenhaven	PAWC - Culture Affairs & Sport					585			557	28		**0**
SUBSIDY NEWS LETTERS - Hartenbos	PAWC - Culture Affairs & Sport					971	253	150	239	329		-
SUBSIDY NEWS LETTERS - Kwanonqaba	PAWC - Culture Affairs & Sport					2,531	392	1,006	253	880		-
SUBSIDY MAIN ROADS	PAWC					810,860		810,860				-
FLOOD DAMAGE - CLEANSING BEACHES	District Municipality (R26400) + Petro SA (R4000000)		28,709	326,693			326,693			28,709		-
SPATIAL PLANNING	PAWC	50,448							31,000	19,448		**(0)**
HOME OWNERS EDUCATION	Department of Housing	36,435			28,620	27,000	971	5,011	12,164	47,260		**26,648**
SOCIO-ECON. PLANNING/DEVELOPMENT	District Municipality	37,882					37,882					-
MUNICIPAL SYSTEMS IMPROVEMENT GRANT	PAWC	380,425	400,000							715,646		**64,779**
YOUTH DAY DONATIONS	PETRO SA / BRIESIES / PINNACLE POINT					51,500	133	310	2,500	48,558		-
REPAIR WATER LEAKAGES	Masibambani		175,000		196,000		6,805	4,978	15,594	264,016		**79,607**
TEMPORARY CASUAL STAFF - Great Brak Library	PAWC - Culture Affairs & Sport		44,760				24,924	14,179	5,656			**(0)**
TEMPORARY CASUAL STAFF - Greenhaven Library	PAWC - Culture Affairs & Sport		63,289				16,333	16,078	15,822	15,057		-
TEMPORARY CASUAL STAFF - Hartenbos Library	PAWC - Culture Affairs & Sport		17,277	88,404			16,333	20,517	38,975	29,855		**0**
TEMPORARY CASUAL STAFF - Mossel Bay Library	PAWC - Culture Affairs & Sport			36,922	208,085		86,764	89,890	68,353			-
TEMPORARY CASUAL STAFF - D'Almeida Library	PAWC - Culture Affairs & Sport				31,112		8,677	8,422	5,082	8,932		-
BUILDING MAINTENANCE - Kwa'nonqaba Library	PAWC - Culture Affairs & Sport				11,454		802	10,591	61			**0**
TOTAL OPERATING GRANTS		**2,671,816**	**8,386,469**	**8,260,042**	**20,449,424**	**6,150,839**	**6,609,843**	**12,127,157**	**5,992,335**	**15,752,028**	**-**	**5,437,227**
GRAND TOTAL		**2,915,491**	**12,653,178**	**12,707,912**	**30,974,924**	**22,641,842**	**6,914,060**	**17,717,345**	**14,728,240**	**28,212,382**	**-**	**14,321,321**